

CHINA AND JAPAN AT ODDS

Deciphering the Perpetual Conflict

Edited by James C. Hsiung



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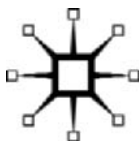
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Acronyms

- APEC: Asia-Pacific Economic Cooperation forum
ASEAN: Association of Southeast Asian Nations
ASDF: Air Self-Defense Force
BPO: business process outsourcing
CCJPMRAOA: Committee for Coordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas
CCP: Chinese Communist Party
CHS: Committee on History and Screening
CNOOC: Chinese Offshore Oil Corporation
CRF: Central Readiness Force
DPRK: Democratic People's Republic of Korea (North Korea)
ECAFE: The [UN] Economic Commission for Asia and the Far East
ECS: East China Sea
EEZ: Exclusive Economic Zone
GATT: General Agreement on Tariffs and Trade
GSDF: Ground Self-Defense Force
ICCAT: International Commission for the Conservation of Atlantic Tuna
ICJ: International Court of Justice
IMTFE: International Military Trial/Far East (the Tokyo Trials)
IR: International Relations
ITLS: International Tribunal of the Law of the Sea
JCCRHE: Junior Congresspersons Committee on Re-thinking of History Education and the Future of Japan
JDA: Japan Defense Agency
JSEPA: Japan-Singapore Economic Partnership Agreement
JSHTTR: Japanese Society for History Textbook Reform
LDP: Liberal Democratic Party (Japan)
LOS: Law of the Sea
MITI: Ministry of International Trade and Industry

MSA: Maritime Safety Administration

MOF: Ministry of Finance

MPC: Ministry of Post and Communications

MSDF: Maritime Self-Defense Force

NDPO: National Defense Program Outline

NIEs: Newly industrialized economies

NTBs: non-tariff barriers

ODA: Official Development Assistance

OECD: Organization of Economic Cooperation and Development

PCA: Permanent Court of Arbitration

PKO: Peace-keeping Operations legislation

PLA: People's Liberation Army (armed forces), of China

PRC: People's Republic of China

ROC: Republic of China

ROK: Republic of Korea (South Korea)

SCS: South China Sea

SDF: Self-Defense Forces, of Japan

TMD: Theater-Missile Defense

TQM: Total quality management

UN: United Nations

UNCLOS: United Nations Convention on the Law of the Sea

VER: Voluntary export restraint

WTO: World Trade Organization

Foreword

The saga of China and Japan being at odds, which can be traced to early origins in the sixteenth century, is unparalleled in the annals of international relations. Its long stretch of recurrent conflicts, topped by brutal wars, is unmatched in terms of both the frequency of their occurrence and the extent of the casualties and human sufferings that they have brought. Above all, the enmity and ill will generated in their wake continues to haunt Sino-Japanese relations well into the twenty-first century, although somewhat modified since Shinzo Abe took over as Japan's Prime Minister in late 2006.

By the time his predecessor, Junichiro Koizumi, stepped down in September 2006, Sino-Japanese relations had hit the lowest point in three decades. To his credit, Mr. Abe executed a whirlwind make-up visit to China on October 8, 2006, only eleven days after he took office. It was the first time that direct contact had been made between top leaders of the two countries in seven years. At an ASEAN meeting in Cebu, the Philippines, in January 2007, Chinese Prime Minister Wen Jiabao met with Mr. Abe and accepted an invitation to visit Japan sometime before the end of the year. This announced visit immediately caught the attention of experts because it was not only the first visit by a Chinese Prime Minister to Japan since 1999, but, more importantly, the year 2007 marks the seventieth anniversary of the start of the brutal eight-year war Japan waged on the Chinese homeland in July 1937. Even so, the future of Sino-Japanese relations remains uncertain because the long-running root causes of animosities remain to be tackled.

For the average reader, however, the deep-seated hostility between China and Japan was not thrust into public consciousness until the spring of 2005, when the world was awakened by media reports of massive Chinese demonstrations against Japan that spread across thirty cities at home and many overseas Chinese communities worldwide as well. The protests were renewed in August 2006, albeit only sporadically and in much muted form.¹ The apparently uncoordinated, but contagious, waves of protests, both in Chinese cities and abroad, were sparked by two *causes célèbres*, both associated with former Prime Minister Koizumi of Japan (2001–2006): (a) the controversy surrounding his repeated homage-paying visits to the Yasukuni Shrine, a monument to Japan's war "heroes" that include 14 Class A convicted war criminals from World War II; and (b) the repeated Japanese government-sponsored rewriting of World War II

history textbooks to expunge Japan's acts of aggression, notwithstanding earlier formal protests by China, South Korea, and other former victim nations among Japan's neighbors. The Chinese and other Asians worried that this sustained effort by Tokyo at whitewashing history has left younger generations of the Japanese populace totally oblivious of their country's past war crimes and atrocities—hence, the ugly history might repeat itself. In all fairness, the practice of history rewriting, as such, did not begin with Koizumi. It has been done under previous Japanese administrations. As one Japanese conscientious dissenter, Professor Saburo Ienaga of the Tokyo University of Education (now the Tsukuba University) puts it, this officially-ordained doctoring of history amounts to a “glorification of war in Japanese education” in the postwar era.²

The intensity of the recent Sino-Japanese tensions was further fueled by two other events, namely, Japan's push for a permanent seat on the UN Security Council³ and the deepening Sino-Japanese row over who owns how much of the enormous seabed oil and gas resources in the East China Sea. In addition, in late 2004, the strongly nationalistic governor of Tokyo, Shintaro Ishihara, was rumored to have issued an exhortation to war to defeat China in a bid to revive Japan's pre-World War II glory. At least one right-wing Japanese Web site immediately responded with a call for a “Holy War” to destroy China by 2015.⁴ Against this backdrop, reports about Koizumi's campaign to revise the Japanese Constitution to remove the war-renouncing Article 9 appeared to be extra scary to China and other Asian nations that had been victims of Japan's wars and colonization. Because Shinzo Abe has already given his word that he will carry to fruition his predecessor's Constitutional revision initiative, the departure of Koizumi did not seem to signal a ready easing of the tensions between Japan and China (and the other Asian nations).

Immediately after Abe took office, some experts were calling him the youngest but “most hawkish prime minister since the Second World War.”⁵ As will be shown in Chapter 11, it is premature to assume that simply because Koizumi is gone Sino-Japanese relations will reverse course. This is because the root causes of the animosity and distrust between the two countries run intractably deep, and the schism is not likely to be healed by one or two summit contacts and superficial fence-mending. The China-Japan feud inevitably promises to spill over into their respective circles of friends and allies, including the United States, converting the bilateral conflict into an impasse of much wider and far-reaching consequence. In other words, the United States and other countries have much at stake in the Sino-Japanese feud and its outcome.

Despite its gravity, the long saga of the conflict, in terms of its origins and ramifications, has yet to be addressed more fully at book length. The present volume is an attempt to fill a glaring void in the published literature.

More importantly, we hope that the book's full airing of the views from different angles and opposing ends, will help generate open debates on both sides and between them. As Sir Winston Churchill once observed, "jaw-jaw [debates] is better than war-war." If policy-makers and commentators in China and Japan would likewise engage in open debates, fighting with words rather than bullets, the outcome would be better for both nations and all concerned.

For this volume, I have assembled a team of experts representing different shades of opinion and disciplines, based in the United States, Japan, and Taiwan, who write from different perspectives, often from opposing points of view, on a broad spectrum of burning issues at stake. As the chapter layout shows, the book looks into the historical roots and contemporary causes of the Sino-Japanese conflict (especially Chapter 2, by Richard Chu), the economic exchanges amidst adversities (Chapter 5, by Cheng Chu-yuen), the military and security implications (Chapter 6, by Dennis Hickey and Lilly Lu), the sovereignty disputes over certain islands and the vast seabed oil and gas resources in the East China Sea (my Chapter 8 and Chapter 9 by Suganuma), etc. In order to transcend the usual bilateral fixation of most writings on China and Japan,⁶ this book places Sino-Japanese relations in larger regional and global contexts (Chapter 4, by Cal Clark, for example), as well as in broad theoretical perspectives (as articulated more fully in my Chapter 1). Also featured are two additional factors that often intrude into, and thus complicate, Sino-Japanese relations—i.e., Japan's U.S. connection (Chapter 7, by Mel Gurtov) and the Taiwan variable in the equation (Chapter 10, by Peter Yu and Shawn Kao).

In order to assure balance and fairness, a separate chapter specifically giving Japan's views on its tangle with China is provided by Prof. Suetō Sudo of Nanzan University, Japan (Chapter 3: "It Takes Two to Tango: The Conflict as Japan Sees It"). In addition, the chapter on the Taiwan factor (Chapter 10) also provides a focus on Japan's options. Unless otherwise indicated (such as Chapter 6, which professes to give a primarily Chinese perspective; and conversely Chapter 3, as already noted), all other chapters endeavor to look at issues from both sides. If any chapter should happen to sound like espousing views that are in agreement more with one particular side in the bilateral dispute, this is the result of the author's reading of the empirical facts under scrutiny (e.g., Chapter 2).

Many independent analysts, some with highly respectable credentials, are concerned that the smoldering dispute over the Diaoyutai/Senkaku Islands may degenerate into a hot war. Chapter 9 gives a carefully reasoned and updated view by Prof. Unryū Suganuma of Obirin University, Tokyo (author of a well-received monograph on the subject, published in 2000) that takes into account the rise of the right wing and what he calls

“neonationalism” in Japan and their impact on the sensitive dispute. From the perspective of what some see as an unfolding age of sea power in the twenty-first century, my Chapter 8 looks into the Sino-Japanese contest in the East China Sea and speculates on the likelihood of a “resource war” over the massive seabed oil and gas deposits, inherently posing a challenge to both the contemporary law of the sea and the liberal economic theory of peace.

In the introductory chapter (Chapter 1), I try to put things in broad theoretical perspective and raise a few basic questions of theoretic significance. For example, how can one explain Japan’s historical drive toward overseas expansion, which has led to clashes with China over the Korean peninsula—a traditional Chinese protectorate—in the sixteenth century and again in the nineteenth century? The same outward push eventually culminated in a deepening imbroglio in China proper, beginning in 1931 and ending with the full-blown bloody war of 1937–1945, which spilled into other parts of Asia as well. If the traditional quest for economic security, under pressures of the island nation’s natural resource deficiency, powered these early Japanese pushes onto the Asian continent, could the current resource scarcity—which has only been made more acute by the modern-day hiked consumption rate due to hi-tech demands and mega economic development—be a cause of alarm? In other words, could the current Sino-Japanese contention over the rich seabed oil and gas deposits in the East China Sea imply a new “resource war” in the offing?

Leading exponents of international-relations (IR) theory often speak of a “liberal economic theory of peace”⁷ that inspired the creation of the post–World War II global free market system—representing a belief that if resources can be freely obtained from the open world market, nations will not go to war to ensure their acquisition, as in the past. True, for the ensuing six decades, the world has not seen a single hot war between the major powers. If, on the other hand, a Sino-Japanese “resource war” over the massive East China Sea resources does break out, where would it leave the economic liberal theory of peace?

Some of these theoretical questions may not lead us anywhere, but by raising them we hope to be able to keep the book above the what-happened-and-when level (the so-called “restaurant level,” in pejorative academic parlance). More importantly, we hope the book will have a wider appeal to students of general international relations beyond the coterie of Asian area specialists.

In the concluding chapter (Chapter 11) I try to pull the loose ends together and speculate on the directions of Sino-Japanese relations in the time ahead, drawing on the findings from the preceding chapters. Peering into the future, the chapter makes a bold comparison of the running Sino-Japanese tangle with the once-likewise prolonged hostility between

the French and the Germans following the Bismarckian wars. Since the end of World War II, France and Germany have learned to reconcile and have, in concert with other nations, joined hands in first building the European Economic Community and later paving the way for the emergence of the European Union. They remain the two formidable pillars of European integration. The chapter ends with the unavoidable question, first raised by Masaru Tamamoto, a noted Japanese commentator, writing in the *Far Eastern Economic Review*,⁸ to wit: Will China and Japan ever learn to live in peace, like post-World War II France and Germany, and likewise collaborate with each other to work on Asian regional integration, in the foreseeable future? If not, then why not? Is it possible that the answers are rooted in the peculiar historical and contemporary sources of the perpetual conflict of the two Asian nations, the “myth” that the present book endeavors to unravel? Hence, the subtitle of the book is, “Deciphering the Perpetual Conflict.”

Notes

1. After Koizumi's last “swan song” visit to Yasukuni on August 15, 2006, shortly before he stepped down as Prime Minister, scattered demonstrations were reported in several places in China. But they did not spread because a government program of consulting the common people about China's policy on Japan was apparently successful in keeping tempers down.

2. Saburo Ienaga, “The Glorification of War in Japanese Education,” *International Security* 18, no. 3 (Winter 1993–1994): 332–49. Translated from the Japanese by Frank Baldwin.

3. With perhaps the sole belated exception of Malaysia, no Asian nation is known to have supported Japan's UN Security Council bid. As was the case with China, Asians were opposed to Japan becoming a Security Council permanent member perhaps because none of them, remembering past Japanese actions, felt they could be secure if Japan should become too powerful in world affairs. See Fujiwara Hidehito, “Nationalism and the China-Japan Conflict,” *Asahi Shimbun*, April 12, 2005, <http://japanfocus.org/article.asp?id=257>.

4. Messages from a Japanese Web site, translated into Chinese and released by a private Chinese Web site, http://www.zaobao.com/special/Forum/pages/forum_/jp220205.html.

5. David McNeill, “Japan's Hawkish New PM Names Conservative Cabinet,” *Independent (London)*, September 27, 2006, p. 24.

6. Books on Sino-Japanese relations per se are scarce, but there are usually chapters in books on Asia-Pacific international relations, or on China's or Japan's foreign relations.

7. This has nothing to do with the better known “democratic theory.” The liberal economic theory of peace that underpins the post-World War II international economic system (incl. the GATT) posits, in brief, that if world markets are kept wide open, nations can obtain their needed resources from the markets at much lower costs, thus obviating resort to the use of force, as in the past. See exposition of this point in Robert Keohane and Joseph Nye, *Power and Interdependence*

(Boston: Little Brown, 1977), 28; Robert W. Tucker, *The Inequality of States* (London: Robertson, 1977), 174–75; and Robert Gilpin, *U.S. Power and the Multilateral Corporations* (London: Macmillan, 1976), 227.

8. Masaru Tamamoto, “After the Tsunami, “How Japan Can Lead,” *Far Eastern Economic Review* (January–February 2005), 10–18.

CHAPTER 1

Introduction: Theory and the Long-Running Tussle

James C. Hsiung

Rarely, if ever in human history, did two nations culturally and ethnically as close as China and Japan find themselves in a relationship marked so much more by blood and tears than by joy and jubilation—over a span of time measured not by years or decades, but by centuries. A loose though much shorter parallel in Europe might be the tangle between France and Germany,¹ both of which were at each other's throats beginning with the Franco-Prussian War of 1870 and culminating in the conflicts that were part of the two savage world wars of the twentieth century. Yet following the German defeat at the end of World War II, the two nations have learned to live in peace.

In contrast, the saga of the troubled China-Japan tangle has been playing out quite differently, and over a much longer period of time. Culturally, as Reishauer (1965, p. 6) puts it, "Japan is a daughter of Chinese civilization." Although views differ as to the ethnic origins of the Japanese people, both popular theories and archaeological finds suggest that most of their forefathers came from parts of continental Asia. There is no question that the Japanese, with the possible exception of the Ainus, share a basically Mongoloid origin with the Chinese (p. 9). Hence, culturally and ethnically, the Japanese and the Chinese are far closer to each other than are the French and Germans.² Despite this affinity, however, other than in their first encounter in the late sixth century A.D., the Chinese experience with the Japanese, in the following three waves of contacts until 1945, was marred by friction, conflict, and outright war. To bring things up to date, the post-1945 era saw an initial period of suspense marked by the absence of diplomatic relations (1949–1972). Then, following an interregnum of normalization (despite the ups and downs) after 1972, the bilateral relationship became increasingly bumpy after 2001. At the dawn of the twenty-first century, a "resource war" seems to loom on the horizon

over the contested vast oil and gas reserves in the East China Sea (more on this in Chapters 8 and 9).

In the paragraphs below, I shall briefly recount these various waves of contact to put the tortured Sino-Japanese relationship in perspective and raise a few points for theorizing in the interest of throwing some meaningful light on the myth of the long saga of conflictive entanglements. I shall try not to duplicate the fuller historical accounts offered in Chapter 2 by Richard Chu for readers hungry for more details.

As its title suggests, this chapter is trying to wrestle with the question whether one can *explain* the unending tensions and conflict that have framed the relations between China and Japan over the centuries, a pattern that, in view of the current confrontations, shows no sign of letting up anytime soon.

The Four Waves of Contact in Diachronic Review

In this section, I will first recount the four pre-1945 waves (or sub-periods) of contact and encounters between China and Japan, interspersed with comments and explanatory notes of theoretical significance. In the rest of the chapter, I will bring the account up to date, using the same format of combining factual analyses with theoretical discourses. Theory, in scholarly usage, is an explanatory device, especially one that is supported by applicable generalizations from findings culled from similar cases elsewhere, *ceteris paribus*. It goes without saying that some of the findings or insights from this study may also be grist for further theorizing.

The First Encounter

Beginning in 593 A.D., Prince Shotoku, a devout Buddhist, sent monks and students to China to study more about Buddhism, which had first been introduced piecemeal into Japan through Korea. The Japanese students were astonished by the wealth, power, and efficient government of the then-flourishing Sui (589–618 A.D.) and Tang (618–906 A.D.) dynasties. Before long, Buddhist and Confucian concepts and Chinese ideas of politics and law began to flow to Japan. These cultural borrowings ushered in the great Taika Reforms (646 A.D.) and the Taiho Code (702 A.D.), codifying the institutional reforms inspired by the Tang model (Sansom 1958: 67–81). Under the influence of Chinese polity, the Japanese for the first time conceived the idea of the Yamato state as an empire (Reischauer 1965: 21). These first contacts were auspicious, as China at the time was the most powerful state and the largest economy on earth (Frank 1998, 52–130), and the Japanese were at the receiving end.

The Second Wave of Contact

Two episodes marred the bilateral relations as they brought disastrous effects to the Chinese, leaving behind a lingering bad taste. This was the period of the Yuan or Mongolian Dynasty (1260–1368) and the Ming Dynasty (1368–1644) in China. The first troubling episode was the frequent raids by Japanese pirates (known in Chinese as *wuokou*), who ravaged Chinese coastal regions, including such important cities as Ningbo and Yangzhou. Estrangement followed (ca. 1531), and commerce dwindled (Latourette 1964: 231).

The second unfortunate episode ensued from the first. The difficulties from the ruptured relations, in Latourette's words (p. 230), "culminated in a determined Japanese attempt to invade and conquer China." The guiding spirit was Hideyoshi Toyotomi, an able and vigorous soldier of lowly birth. In the period of internal turmoil accompanying and following the downfall of the Ashikaga shogunate (1336–1573), Hideyoshi made himself master of the land. With Japan pacified, he turned to the continent for further exploits. Having been rebuffed by the Koreans on the passage of his forces through their territories, Hideyoshi's armies (137,200 strong) invaded the peninsula in 1592. Within a year he had taken several of the principal Korean centers. China, the suzerain power, dispatched troops to aid the Koreans. After an initial setback and the arrival of reinforcements, the Chinese drove the Japanese forces southward. Rejecting a Chinese offer of investiture, Hideoyoshi withdrew from Korea only to return in 1597, this time to defeat the Chinese. Only after his death in 1598 did his forces withdraw from the Korean adventure (Sansom 1961: 311–62).

Sir George Sansom, often hailed for his classic studies of Japanese history, offered an insightful comment on the complex factors that powered Hideyoshi's continental push, which brought on the war with China. The end of the civil wars in Japan accompanying and following Ashikaga's downfall had created unemployment and distress in many trades and had in particular deprived the rich merchants and army contractors (*goyoshonin*) of much profitable business. Sansom mentions approvingly Japanese historians as holding the view that "these people played an important part in stimulating overseas adventure" (Sansom 1961: 361). Sansom's comment seems to offer a theory of economic imperative for war, or, to be exact, a variant of the classical theory aired in a similar vein by John Hobson (1858–1940). Writing in the aftermath of the Boer War (1899–1902), a war waged by the British against the Dutch settlers in South Africa, Hobson (1965: 85) argued that inadequate consumer demand at home was a cause of imperialistic wars. In Hideyoshi's overseas adventure, on the other hand, an inadequate job market and distress in domestic trades, stemming from the post-Ashikaga civil wars, provided a

driving motive. Whereas Hobson saw imperialist wars in the light of a quest for external markets for the imperialist power's over-produced goods, Sansom found in Hideyoshi's war an impulse to seek new opportunities from foreign ventures to counteract Japan's economic doldrums and create jobs at home. The two variants (markets and jobs) are like two sides of the same coin of the theory of economic imperative driving imperialist wars.

Viewing Hideyoshi's unsuccessful bid to conquer China in the hindsight of history, however, O. Edmund Clubb (1972: 163), a veteran U.S. foreign service officer in China and the last U.S. Consul-General in Peking (1947–1950), on the eve of the Communist period interpreted the Hideyoshi move quite differently. He thought of the Hideyoshi episode as representing the “old dreams of a Japanese empire in Asia.” For example, Clubb points out, “In the middle nineteenth century, Yoshida Shoin, whose influence was profoundly felt by many of the men who became Japan's leaders in the Meiji era, had outlined equally ambitious plans, again envisaging progressive conquest” of China. And, Clubb continues, “the reputed ‘Tanaka Memorial’ of 1927 proposed the conquest of all China, beginning with Manchuria.”³

The Third Wave of Contacts

Japanese excursions into the Ryukyus (a tributary state in the shadow of the Chinese empire), Formosa (Taiwan), and Korea (a Chinese protectorate) in the late nineteenth century brought the Japanese into direct confrontation with the Chinese, who were then ruled by an inept and decadent Manchu Court approaching the end of a dynastic cycle. When Japan placed the Ryukyus under its effective control, the effete Chinese Court, which had no knowledge of Western international law, did not even make a diplomatic protest. And in 1871, when some Ryukyu islanders, wrecked on the shores of Formosa, were killed by the aborigines there, Peking disclaimed any responsibility in response to Japanese overtures. The Japanese in 1874 sent a punitive force, which occupied part of Formosa, pending settlement of the dispute over compensations for the killed Ryukyuans (Beckmann 1962: 165–67; Latourette 1964: 306). Through British mediation, the Chinese Court agreed to indemnify the families of the murdered Ryukyuans and to pay for the roads Japan had built in Formosa. The implication of this settlement was that Japan was able to be the protector of the Ryukyu islands. Although the Ryukyu king continued to send tribute missions to Peking, the Japanese in 1879 removed the king to Tokyo, and the Ryukyus were incorporated into Japan as a prefecture under the name of Okinawa (Clyde and Beers 1966: 175), which has remained ever since.

China claimed suzerainty over Korea, which was acknowledged by the annual tribute-bearing embassies from Seoul to Peking and by the Chinese investiture of each Korean ruler. For centuries Japan also had been interested in Korea, and Japanese armies had operated in the peninsula; from 1671 to 1811 occasional missions were sent by Korea to Japan. When a rebellion by a secret society, the Tong Haks, broke out, the Korean monarch sought help from China, which sent in troops. Unso-licited Japanese troops also arrived. Both camps remained after the Korean forces had dispersed the rebels. A deadlock ensued after the Japanese refused to recognize the Chinese claim of suzerainty. The Japanese took forcible possession of the Korean palace and the monarch in person, who under coercion issued a decree calling upon the Japanese to expel the Chinese troops. This was soon followed by the outbreak of a war between China and Japan in 1894 (Beckmann 1962: 167–71; Latourette 1964: 307f).

China's defeat was humiliating. So was the Shimoneseki treaty of 1895, which ended the war. China had to (a) acknowledge the independence of Korea (thereby ending the traditional Chinese suzerainty), (b) cede to Japan Formosa, the nearby Pescadores islands and the Liaotung Peninsula (on which Port Arthur, or Luushun, was situated), (c) pay an indemnity, (d) open four more Chinese ports to Japanese trade, and (e) give Japan most favored nation status pending the negotiation of a new commercial treaty. When finally drafted, the new treaty of commerce gave Japan extraterritorial privileges⁴ in China and continued the most favored nation status. Japan had thus driven China from Korea, annexed important territory, and acquired for its nationals in China the privileges enjoyed by Westerners (Beckmann 1962: 172).

Scholars of a traditional bent, like Fairbank, Reischauer, and Craig (1965: 311), usually consider these acts of Japan's "recent imperialism" as being inspired by the Western examples of imperialistic practices. In other words, in Meiji Japan's full-scale Westernization drive, the Japanese not only copied the West's technology and institutions, they copied the Western imperialists' unsavory gunboat diplomacy as well. Modern social science, however, offers an alternative explanation, derived from studies of transitional societies.

From separate studies of regimes going through democratizing transitions, Edward Mansfield (1994) and Jack Snyder (1995) arrive at the same conclusion, namely that the transition to democracy is dangerous, and democratizing regimes are prone to war and even likely to fight other democracies. In a joint study, Mansfield and Snyder (1995) have gone even further to suggest that, on the basis of elaborate data gathered from the 1811–1980 period, regimes making the biggest leap, from total autocracy to extensive mass democracy, are about twice as likely to fight wars in the decade after democratization as states that remain autocratic

(p. 80). They define democratizing systems as those that make any regime change in a democratic direction or move from autocracy to a mixed regime, like Meiji Japan. On the correlation between the length of the democratizing transition and the degree of war-proneness, they find that the relation is weakest one year into democratization, but strongest at ten years.

Like any statistics, the data in the Mansfield and Snyder quantitative study give us only “what,” not “why.” The reason why transitional regimes, including those going from autocracy to a mixed regime (meaning less autocratic), are the most likely to go to war, as compared to both existing democracies or autocracies staying put, has to be provided from a qualitative analysis, which the coauthors also provided. The missing link is what they called, loosely, “nationalism.” In post-Revolution France (after 1789), Napoleon was able to harness nascent French nationalism to the task of conquering Europe (p. 85). Mass nationalist sentiments exerted constant pressure on German diplomacy in the Wilhelmine years before 1914, and, more importantly, pushed Germany to the First World War.

Likewise, nationalism arose in Japan after the Meiji Restoration (1868). The Restoration and the abolition of feudalism, together with the policy of opening up to commercial relations with the great Western maritime powers and adoption of a thoroughly Westernization program, paved the way to a new Japan, flaunting a rich nation and strong army.

The full effect (i.e., the war-proneness) of the democratizing transition under Meiji will be described in more detail in the discussion of Japan’s fourth wave of contact with China below. At this point, it is instructive to recall the correlation in timing between regime change and the degree of war-proneness identified by Mansfield and Snyder. As noted, one striking finding from their study is that a democratizing regime’s proneness to war was the highest at ten years after the transition began. It is interesting that Japan’s excursions into the Ryukyus and Formosa, discussed above, began in the 1870s, and its abduction of the Ryukyu king and annexation of Ryukyus took place in 1879, eleven years after the Meiji Restoration (1868) or exactly ten years after the democratizing reforms began the year following the Restoration. The war with China over Korea took place slightly later, in 1884–1885, but before the end of the second decade of the Meiji Reform.

The Fourth Wave of Contact

The fourth wave of contact was marked by a prolonged armed conflict that ended in the second Sino-Japanese war (1937–1945), which overlapped World War II but was heralded by a six-year prelude of armed conflicts. On the night of September 18–19, 1931, Japanese troops, already stationed nearby as part of the Kwantung Army’s designs for the control of Dongbei (or Northeast China, known then as Manchuria in English),

seized the strategic city of Shenyang (Mukden). This action was followed, in the next few weeks, by the occupation of other strategic centers in Manchuria, including areas regarded as within the Russian sphere of influence.

The startling developments were soon to alter the entire situation in East Asia. Early in 1932, the Japanese created a Manchuria-wide government, officially known as the Manchukuo, ostensibly organized by Chinese and Mongols but manifestly assisted by the Japanese and reinforced by Japanese troops and many Japanese advisors. The expanding Japanese influence in Manchuria and into North China as manifested by the bloody Mukden Incident shocked and galvanized the divided, otherwise relaxed, Chinese nation into action. The rare solidarity was sealed by a sense of crisis that called into question the survival of the Chinese state, especially after the futility of turning to the League of Nations for help. In addition to the widespread movement to boycott Japanese goods, different segments of society, especially Chinese students with their youthful ardor, rallied to the calls for organized struggles against Japanese encroachments throughout the land. In a rare display of solidary sentiments, an uneasy peace was patched up in 1936 between the ruling Kuomintang and the insurgent Communists.

Within Japan, while democracy advanced to a higher stage, the control of the army and navy was increasingly passing into the hands of extremists, fanatical militarists who, in the words of one American historian (Latourette 1964: 350f), “dreamed of the expansion of empire, the expulsion of Western influence from China and the knitting of all East Asia, later enlarged to ‘Greater East Asia,’ into a ‘Co-Prosperity Sphere’” under Japanese hegemony. The outcome was the eight-year second Sino-Japanese war, known to the Chinese as the “War of Resistance.”

Statistics may help illustrate the devastating and far-reaching effects of the war on China:⁵ Total casualties of the war ran up to 4 million soldiers and 18 million civilians. In the Rape of Nanking (Nanjing) alone, over 300,000 innocent Chinese were massacred by the Japanese invaders, reportedly seized in a craze to see who could kill more Chinese before the end of each day in the fateful weeks of December 1937. Some 40 percent of the Chinese population were rendered homeless or became war refugees. Total property loss was staggering, calculated by William Kirby to be over US \$100 billion at 1945 prices (see Kirby’s chapter in Hsiung and Levine 1992).

The war also changed the fortunes of the Chinese Communist movement as an insurrectional force: Whereas only 200,000 men and women reached Yen’an in 1935 at the end of the Long March that began in the previous year, the Red Army had, by the end of the war in 1945, swelled to 1.3 million strong, plus 2.2 million militia, supported by a population

of 100 million within 19 “liberated areas” in 16 provinces, stretching over 1,000,000 square miles. The Chinese Communist Party membership had expanded to 1.2 million (see Tien-wei Wu’s ch. 4 in Hsiung and Levine 1992: 79–106). In just four years, the Communists were able to defeat Chiang Kai-shek, whose forces had been badly beaten under the crush of a superior and much better equipped Japanese war machine in positional wars,⁶ and drove him and his government to Taiwan.

History took an ironic twist. Tokyo had initiated the war in the name of anti-Communism. Its aggression in Dongbei (Manchuria) and the subsequent military buildup in North China were said to be prompted by Japan’s need to defend itself against the menace of Bolshevik Russia and Communism.⁷ To the extent that the Communist victory in China was a spin-off from the Sino-Japanese war of 1937–1945, the armed conflict that lasted 14 years beginning with the Mukden Incident of 1931 proved an ironic turning point of history.

Now, what will explain Japan’s aggressive pushes in China and on the Asian continent? And the attack on Pearl Harbor? Equally, how are we going to account for the international alignment of forces that eventually led to Japan’s defeat? Because of the broad array of ramifications we have to examine to provide an answer, we will carry on the discussions in a new section that follows.

Power, Ultrationalism, and the Search for Economic Security

No single factor or theory can explain the renewed, aggressive Japanese overseas expansionism after the 1930s. But a combination of them will, including: (a) ultrationalism and the rise of Japan as a modern great power, (b) the highjacking of a democratizing regime by radical militarists, and (c) the economic imperative under the crush of the world Great Depression.

These factors were intertwined, and some of the developments in the post-1930s had their origins in the previous period of the Meiji Reform. By the time of World War I, Japan had emerged as a new great power in East Asia whose status was on a par with the major European powers, as can be testified by the Anglo-Japanese alliance of 1902, which was the first military pact ever entered into on an equal footing between a Western power and an Asian nation (Ian Nish 1966). But its status as a new great power alone does not necessarily answer the question of why Japan was to strike out against its Asian neighbors, although realists may think it was a natural outcome of a state wielding overwhelming power over its neighbors. But realists cannot explain why France remained defensive and only Germany used its power for aggression, while both were engaged in feverish arms races in the 1930s. The answer, I think, has to be sought

elsewhere, namely in the rise of Japanese militarism (a.k.a. jingoism) and revolutionary nationalism (a.k.a. ultranationalism), plus the quest for economic security and autarky (a.k.a. the economic imperative). Japanese militarism, or the belief that military personnel (army and navy) should exercise full power in the nation, had many roots,⁸ including the following:

The samurai legacy, carried over from the shogunal rule of the Tokugawa period (1769–1867) and reinforced by the political prominence of the modernizing samurai leaders who engineered the Meiji Restoration and reform (1868–1912). It was canonized in the sacred call for creating a “rich nation and a strong army” to counter the threat of the West.

The Meiji Constitution (1889), which granted the military the right of direct access to the Tenno (emperor), following the Prussian example.

Weakness of a party government that was overshadowed by the military, emasculated by mass protests, coups, assassinations, and corruption during Taisho Japan (1912–1924). By 1936, the Army was unquestionably the most powerful political force. The Kwantung Army lodged in China’s Dongbei (Manchuria) was already acting on its own authority in 1931.

Economic depression and a population explosion. Japan’s newly globalized economy was badly hit by the onset of the Great Depression. The Japanese population had been increasing by nearly one million annually, overtaking the country’s food supply. The national economy was not able to absorb the more than 400,000 new workers annually seeking employment. The Great Depression cut deeply into Japan’s exports of goods and doubled its exports of gold, a dire condition for a nation that lived by foreign trade. (Clyde and Beers 1966: 329)

The militarists’ urge to seek overseas territory and resources was abetted by the ultranationalist ideology—drawing upon Shinto mythology—that Japan was destined to lead and protect Asia. Using Shinto mythology, the ultranationalists claimed superiority for Japan as “The Land of the Gods” and the Japanese as the “descendants of the gods” (Tsunoda, de Bary, and Keene 1958, vol. II: 39).

Thus the economic imperative (in search of resources and opportunities to create jobs at home), reinforced by the ultranationalist self-designated mission to create a Pan-Asia Co-Prosperity Sphere under Japanese hegemony, made adventures on the Asian continent a necessary and sacred mission. And the militarist control of the government simply made unavoidable the final drive that pushed Japan on the road to overseas aggression.

As Michael Barnhart (1987: 17) argues, the search for economic security and autarky, and the course it set in motion, provided the thread

of continuity in Japan's jingoist diplomacy, from Japan's 1894 war with China, the 1905 war with Russia, to the events of 1931 and beyond, until the second Sino-Japanese war of 1937–1945. In other words, Japanese victory in the 1894 war yielded both territory and indemnity sizeable enough to enlarge the Imperial Army and Navy. These new forces, though, were badly weakened during the Russo-Japanese War of 1905, a product of Tokyo's desire to consolidate its position on the Korean peninsula. By the end of that conflict, which Japan won, the Japanese Empire had established dominance over southern Manchuria as well.

Barnhart (p. 18) also pointed out that lessons from the international political environment were also a factor to be taken into account. Japan's status as a nascent great power, for example, was shaken by Germany's collapse in 1918. Superficially, Japan gained from the German collapse, as it acquired the German concessions in China's Shantung province and was recognized as a ranking power at the Paris peace conference. More deeply, however, the German collapse caused certain officers in the Japanese Imperial Army to have second thoughts about the future safety of their country, now that Germany, with might far superior to Japan's, had been vanquished.

These officers concluded that the lessons from the European conflict for their Asian empire were that future wars would be fought not only with guns, but the entire resources of the nation, from doctors to engineers, from cotton to iron ores. By the mid-1930s, these "total-war officers" had won over any dissenting voice about their plans for conquering China. The Kwantung army had assumed direct control of Manchuria, and was making impressive strides toward the economic absorption of the rich provinces of northern China.

After the shootings near the Marco Polo Bridge (*Lugouqiao*) erupted into a full-scale war between China and Japan in July 1937, however, Japan increasingly found the task far more costly than had been expected. Fighting on the mainland made Tokyo more, not less, dependent on outside powers, particularly the United States, for the means with which to make war (Barnhart, 19). When President Roosevelt stopped U.S. shipments of oil and steel to Japan, he was doing exactly what the Japanese had dreaded most.

To circumvent the U.S. blockage, the Japanese military resorted to quick seizures of the British and Dutch colonies in Southeast Asia (principally today's Malaysia and Indonesia) in order to gain control of rich resources of oil, rubber, and other raw materials that it badly needed. With these materials assured, Japan could defend its interests in China and Indochina against the European colonial powers, which were preoccupied with the war in Europe against the Germans and the Italians. The only obstacle was the United States, whose presence in the Philippines, a

colonial bounty from the Spanish American War, was a barrier to Japan's southward advances. Besides, the U.S. Pacific Fleet headquartered at Pearl Harbor, Hawaii, posed a formidable challenge to the Japanese access to Southeast Asian resources. The Japanese military thought that if it suddenly destroyed the U.S. fleet, the United States would simply give up and allow Japan to have control of the East Asian raw materials and consolidate its grasp on East China. Hence, the attack on Pearl Harbor.⁹ The irony was that the Tokyo leaders' commitment of their resource-deficient country to a risky and desperate attempt to achieve self-sufficiency by overseas aggression and plundering ultimately brought Japan to ruin by the summer of 1945.

A couple of questions remain: First, why would the Chinese forces prove so indomitable that the war dragged on for eight years, not the mere eight months that the Japanese military high command allegedly had predicted it would need to vanquish China? Second, why would the United States (under President Roosevelt) and the European West "collude" to deny Japan the victory that its military leaders had thought they deserved, given their better trained and equipped military might?

The answer to the first question is provided in John Garver's and Hsi-sheng Chi's studies of the war (see Hsiung and Levine 1992, chs. 1 and 7). According to Garver, Chiang Kai-shek had decided to enter the war with the conviction that Japan had to be defeated militarily before it would accept China as a co-equal, sovereign entity. Thus, Chiang had to commit his best resources to that end, at a minimum to deny Japan an easy victory. Thus, from the very beginning of the war, Chiang employed his very best troops, and they suffered the most severe casualties throughout the fighting. Hsi-sheng Chi's data show that the level of participation by armies considered loyal to the central government, and many to Chiang personally, was maintained throughout the duration of the war. Four out every ten Chinese divisions sent into battle belonged to the Nationalists' hard-core forces.¹⁰

In other words, Chiang knew from the outset that Britain, the United States, and other powers, would intervene to defend their considerable interests in China only if they were convinced that China was going under. Therefore, Chiang had to commit his best resources to demonstrate that this was a major war, menacing the vital interests of the powers as well. Hence, in addition to defending the survival of the Chinese nation, there was one more reason why China had to put up the fiercest possible fight, dragging the war into an eight-year war of attrition, which Japan could ill afford.

The answer to the second question, why the West would rally to the support of China, is the dictate of power balancing in world politics. Japanese Foreign Minister Hirota's desire to decouple China from the

West and the efforts of militarist leaders like Ishihara to promote a Pan-Asianism linking China with Japan against the West were deeply troubling to the Western powers.¹¹ By resisting Japan's attempt to become a hegemon on the model of Napoleonic France or Hitlerite Germany, China was in effect acting on behalf of the powers (Hsiung, in Hsiung and Levine 1992: 298). Just as the powers had acted in concert to defeat Napoleon and take on Hitler, China was almost certain that the major powers would not sit idly by, watching Japan incrementally annex China under the Amau (Amo) doctrine,¹² the equivalent of a Japanese "Monroe Doctrine" regarding Asia.

In its naked pursuit of empire-building, militarist Japan threatened the interests of major Western powers, including Britain and the United States. By the spring of 1942, the major colonial possessions of European powers in Asia—Malaya, most of the Dutch East Indies, Indochina, and Burma (as well as the U.S.-held Philippines)—had fallen under Japanese occupation. But all European powers were distracted by their own war efforts closer to home. The task of counteracting Japan's hegemonic pursuit naturally fell on America's Atlas shoulders, with or without Pearl Harbor. As I have discussed at greater length elsewhere (Hsiung 1992: 298–301), all this could be anticipated, and explained, by the system's theory as developed by Morton Kaplan (1964), extrapolating from the power-balancing behaviors of states since Westphalia, especially in the nineteenth century.

New Age, Old Grudge, and New Woes

One might intuitively assume that the end of World War II ushered in a new era for China and Japan. There was, indeed, a regime change in both countries. For Japan, the U.S. occupation under General MacArthur's command brought about both demilitarization and democratization. The "peace" Constitution drafted by MacArthur's staff gave Japan a modern democracy anchored in popular sovereignty (as opposed to the divinity of the Tenno). Article 9 of the Constitution renounces war as a sovereign right and the threat or use of force as a means of settling international disputes. Leaders who had led Japan to ultranationalism and war were purged (Baerwald 1959: 19), as pursuant to the wartime Potsdam Proclamation. Likewise, war criminals were tried and convicted by the International Military Tribunal for the Far East (IMTFE) for having committed "crimes against the peace." China, for its part, also had a regime change, as Chiang Kai-shek's government retreated to Taiwan after losing the civil war to the Communist forces led by Mao Zedong, who proclaimed the birth of the People's Republic in October 1949.

On the surface of it, the two new regimes should have been able to steer their countries to a stable, if not blissful, relationship. Besides, as

noted above, the eight-year War of Resistance against Japan (1937–1945) gave Mao’s insurgents a respite from the fury of Chiang’s then superior might and an opportunity to expand their own ranks behind enemy lines. Even Mao, years later, reportedly told a visiting team from Tokyo that the Japanese war effort in China had helped the Communists to come to power. But, again, history had its own turns and twists.

Ideology and the Cold War

Earlier we noted that Japanese militarists in the 1930s and 1940s were swayed by an ideology known as ultranationalism, supported by Shinto mythology. Now another ideology played a different but no less bedeviling role during the cold war years. The new ideology was Communism, and this time the shoe was on the other foot, China. Communism turned out to be a barrier that kept the two countries apart until 1972, as Japan, following the United States’ lead, did not recognize Communist China until after Nixon’s historic visit to Beijing that same year.

The cold war had different meanings for China and Japan. While it banished China to diplomatic isolation, for Japan the cold war was a blessing in disguise of sorts. In the absence of diplomatic relations, Beijing tried extra hard to be congenial to both the government and people of Japan, ever intent on wooing them over from being too close to Taiwan and Washington. Muting its grudge, China did not push for a settling of the old scores (like compensation) with Japan from the war. On the other hand, Japan need not have worried about the threat posed by the Communist regime in China, because it could count on the United States for its security, under the aegis of the Yoshida doctrine,¹³ which certainly fit American security interests well. And all this is not to mention the stupendous assistance coming from what until now was a secret fund (the M Fund) set up by the CIA—which grew to a staggering \$500 billion at its peak—to keep the pro-West (read: anti-Communist) Liberal Democratic Party (LDP) in power and, more important, to enable Japan to become an economic super power during the course of the cold war (Johnson, Schlei, and Schaller 2000: 79–103; esp. 90).

The advent of the post-cold war era, however, changed all this. Sino-Japanese relations soon plummeted to the lowest point in three decades. In April 2005, autonomous anti-Japanese demonstrations broke out in more than thirty Chinese cities, plus similar protests staged by overseas Chinese in cities throughout the world. Most people, especially Chinese commentators, usually attributed the main cause for the deterioration in Sino-Japanese relations to the “sins” of Prime Minister Junichiro Koizumi, who assumed office in the spring of 2001. The most often cited problems laid at Koizumi’s doorsteps were his frequent visits to the Yasukuni Shrine, where 14 Class A war criminals convicted by the IMTFE

were enshrined, as well as his commitment to amending the “peace Constitution” to remove the war-prohibiting Art. 9 so that Japan would be able to re-arm and become a “normal country.” But, in all fairness, I do not think we can adequately understand these complex issues other than within the larger context of the changing power configuration in East Asia.

The Post–Cold War Era and the Power Shift

The first thing to keep in mind is that it has rarely ever been the case that China and Japan have been dominant powers at the same time. Of the four waves of contact throughout history discussed above, only in the first period (i.e., the late sixth through the early tenth centuries) was China decidedly the more powerful of the two. Japan was at the receiving end and, equally important, did not have an ex-regional power (like the United States today) to back it up. That was the only period of peaceful relations between the two countries. The rest of the time, when the power balance shifted and was later reversed, the relations became increasingly troubled. During the late nineteenth through the early twentieth centuries, China was in further decline, laden with domestic problems and “imperialist” encroachments. Two brutal wars were thrust upon the Chinese by a rising Japan that, thanks to the Meiji Reform, had joined the ranks of the great powers in the West. Later, in the Maoist era (1949–1976), however, China may have achieved the dubious distinction of being the first Asian nation to become a member of the coveted Nuclear Club in 1964. But its economy was no match to that of Japan, lagging far behind it. Relations were relatively stable, though not necessarily friendly.

Dengist reform in the post-Mao period, however, changed China’s course and status. In the ensuing three decades (1977–2006), the Chinese economy moved forward at a breakneck 6–10 percent annual growth rate. Its newly gained robust strength was evinced by its ability to emerge almost unscathed from the Asian financial crisis of 1997–1999, which sent all the region’s other economies tumbling down. In contrast, the Japanese economy remained in the doldrums for over a decade and a half after 1990. While Japan still has the world’s second largest economy in terms of scale, by 2005 China was inching forward to become number four in its share of the global GDP.¹⁴ Since 2000 the EU’s Asian policy is focused on China as its centerpiece and treats it as the growth engine for the global economy, displacing Japan from the place it used to occupy (Bridges 2001: 170). A recent Goldman Sachs study concluded that by 2045, China, overtaking the United States, will be the largest economy in the world.¹⁵

Furthermore, while North Korea’s nuclear development has posed a distinct threat since 1998, China has replaced the former Soviet Union as

Pyongyang's closest ally. This double threat posed by two former victims of, respectively, Japan's aggression and brutal colonization, cannot but be scary to Tokyo. Japan's unease was openly expressed by Foreign Minister Taro Aso, who pronounced China a "military threat" during an appearance on a Fuji TV Network talk show (Mainichi online, April 2, 2006).¹⁶

Under those circumstances, a responsible leader in Koizumi's position would have reasons to worry about Japan's apparent waning in the face of a rising (or re-rising) China. In the event, for example, of an armed conflict, such as over the East China Sea oil and gas resources, Japan would be handicapped by its constitutional renunciation of war. As it currently exists, the Japanese Self-Defense Forces (SDF), which in turn was created in circumvention of the constitutional prohibition of regular armed forces, is limited only to a defensive role. Thus, Koizumi's bid to amend the Constitution is precisely aimed at removing these restrictions.

Critics, however, may question what all this had to do with his zealous yearly visits to the Yasukuni Shrine, which precipitated the massive Chinese protests and strong reaction. One answer, provided by a Japanese commentator (Shigenori Okazaki 2005: 24), is that Koizumi was elected President of the LDP "with votes from the war bereaved in return for promises to visit Yasukuni Shrine every August 15," the anniversary of Japan's defeat in 1945. Thus, during his tenure as LDP President and, hence, the Prime Minister (2001–2006), Koizumi paid six visits to the Shrine, although only the last one was made on August 15.

This answer seems to make sense because it helps explain why against an extensive chorus of opposition—coming not only from foreign sources (including China, Korea, Malaysia, Thailand, the Philippines, Sweden, and even some U.S. Congress members) but also from domestic constituents including the media and some prominent political leaders¹⁷—Koizumi showed unperturbed tenacity in his shrine visiting rituals.

The Puzzle about the Timing of the Chinese Protests

The 14 convicted Class A war criminals were enshrined in Yasukuni as early as 1978. From then until 1984, as Kazuhiko Togo (2006: 6) points out, three Japanese prime ministers had visited the shrine. But no Chinese government objection was raised until 1985. In Togo's view, this first Chinese protest was provoked by the "sensational coverage" the Japanese media gave to the official visit made that year by Prime Minister Yasuhiro Nakasone. I would add, however, that behind the first Chinese protest were concerns over Nakasone's unusual rapport with President Ronald Reagan due to their staunch anti-Communist bond. At their Williamsburg meeting two years earlier, Nakasone had declared that Japan was ready to abandon its previous policy of individual defense to embrace collective security, a pledge sought by Reagan (Auer 1990: 128). This policy

shift anticipated the rise in 1986 of Japan's annual defense budget above the one-percent-of-GDP ceiling set in 1976; the PKO legislation (1992) that paved the way for the dispatch of SDF contingents abroad (despite the constitutional restrictions under Article 9); the upgrading of the Japan-U.S. alliance, as manifested in the 1997 reactivation of the Sub-Committee for Defense Cooperation of the U.S.-Japan Security Consultative Committee, and the joint development of a theater missile defense (TMD) system for Northeast Asia.¹⁸ This series of developments that began with Nakasone's tenure signaled to the Chinese what they came to perceive as a resurgence of Japanese militarism, a view that is supported by some Western analysts also.¹⁹

This Chinese perception was reinforced by their reactions to two documents issued by the Japanese Defense Agency in December 2004: (a) a new Defense Plan Outline and (b) a Defense White Paper. The latter restated Japan's "Offensive Defense" Strategy, first enunciated in 1999, which contemplates preemptive strikes prohibited by the United Nations Charter and general international law. The new Defense Plan Outline, on the other hand, names China and North Korea as Japan's foremost "concerns" (read: enemies).²⁰ What further precipitated the Chinese hyper-reaction in early 2005 were the perceived signals of Japanese international assertiveness, as revealed in two events, both in the winter of 2004–2005. The first was the U.S.-Japan Security Consultative Committee meeting in Washington on February 19, 2005, which decided to make a priority of peacefully resolving the Taiwan Strait issues (Calder 2006: 134). The second was Japan's concerted efforts at pushing the United Nations to make it a new permanent member of the Security Council. Although the latter efforts did not succeed in the end,²¹ the Chinese domestic debates kicked off by reports of Japan's UN Security Council bid, along with those on the joint U.S.-Japan "meddling" in the Taiwan issue just noted, plus Koizumi's stubborn Yasukuni visits, ignited a prairie fire of spontaneous demonstrations among the Chinese in April 2005. Despite government attempts to stop the spread of these mass movements,²² they became increasingly larger in scale and more violent in nature. As Chen and Bridges (2006:128) cogently point out, these mass protests simply reflected an "underlying tension in the relationship that had been slowly building."

The Security Dilemma Theory and What It Foretells

To a large extent, the recent interactions between China and Japan just discussed, reflecting their reciprocal perceptions of threat and consequent reactions, can best be explained by the theory of security dilemma, as first formulated by John Herz (1950: 157–80). In conditions of anarchy (i.e., lack of a world government), the theory holds, states must rely on their own means for the protection of their security and independence. As a

result, states are in a competitive quest for an ever wider security margin. But one state's preponderance may spell the insecurity of another state. By extension, the rise of one nation in terms of its economic and hence military power along with it, likewise, may cause alarm to another powerful nation. The precautionary measures taken in reaction by the latter to redress (or maintain) the balance may provoke counterreaction, which may in turn trigger counter-counterreaction, *ad infinitum*. This cyclical problem of reaction and counterreaction out of a sense of relative insecurity, known as the security dilemma, may be further exacerbated by longstanding animosity such as prevails between China and Japan. If we change the term "state" to "nation," the theory will be able to accommodate spontaneous reactions by the constituency, such as the autonomous demonstrations by the Chinese populace, as distinct from the government per se.

Thus, just as the rapid rise of China due to the Dengist reform is a cause of alarm to the Japanese, Koizumi's countermeasures aimed at rearming Japan in turn triggered off the strong Chinese reaction. To continue the unfinished narrative above, just as the massive protests were dying down in China, reactive incidents of reprisals, though much less violent, soon occurred against Chinese interests in Japan, with windows of Chinese banks and schools smashed, threats received by Chinese diplomats, and a gasoline bomb thrown at a Bank of China branch in Yokohama by a self-described right winger (Chen and Bridges 2006: 129).

If it has any predictive power, the security dilemma theory seems to foretell a pattern of similar recurrent cycles of reaction and counterreaction repeating itself without end. Hence, the unending saga of the China-Japan tussle will have a life of its own, which is only going to be exacerbated by the contest for scarce resources such as oil and gas available in the East China Sea, which will be discussed in Chapters 8 and 9.

The ultimate purpose in this introductory chapter, combining both factual analyses and theorizing, is to ascertain whether there are ways of explaining the long saga of China's painful experiences with Japan other than the cliché-ridden view (found mostly in China) that the root cause lies in the innate Japanese national character, namely its aggressive disposition buoyed by a sense of racial superiority born of Shinto mythology. I hope the above references to diverse theories provide an inkling of an alternative answer. The sad thing is that it does not seem to offer a more heartening prospect.

Notes

1. Some (e.g., Calder 2006) may invoke the Anglo-German rivalry prior to World War I in comparison with the Sino-Japanese rivalry, but that was of an even shorter duration.

2. A pedestrian dissenting view that China and Japan were not so close ethnically and culturally is given in Ma 2006: 31.

3. General Baron Geiichi Tanaka, Japan's Prime Minister, 1927–1928, became internationally famous as the author of the so-called Tanaka Memorial, which laid out the future plans of Japanese expansion on the continent (China).

4. Extra-territorial rights, until then only enjoyed by Western powers, meant that Japan could apply and enforce its own laws in Japanese concessions or spheres of influence in China.

5. Cf. generally Hsiung and Levine (eds.) 1992, more especially chapter by Wu, 79–106.

6. The Communists were fighting behind enemy lines, while Chiang Kai-shek's government forces took on the Japanese in positional wars. See chapters by Marvin Williamsen and His-sheng Ch'i in Hsiung and Levine 1992; also my summary, pp. 295–96.

7. See Shimada Toshihiko's dispassionate account in Morley 1983: 3–232. In 1936, less than a year before the War of Resistance broke out, Japan signed the Anti-Comintern Pact with Germany. When defending itself against the charge of aggression in Manchuria, Japan told the League of Nations that its military actions were prompted by legitimate security concerns arising from the prospects of "Bolshevization" of China's Manchuria and Mongolia regions. See Japan Foreign Office, Relations of Japan with Manchuria and Mongolia (Tokyo, 1932), Document B, rev. ed., pp. 26–27, cited in Clubb 1972, 171.

8. "Japanese Militarism," *Wikipedia*, August 15, 2006 http://en.wikipedia.org/wiki/Japanese_militarism.

9. "Japan and the United States at War: Pearl Harbor, August 1941," *Japan's Quest for Power and World War II in Asia*, <http://afe.easia.columbia.edu/japan/japanworkbook/modernhist/wwii.html> (accessed February 18, 2006).

10. For the uninitiated, "Nationalists" is another term for the Kuomintang Party (KMT), which ruled the whole of China from 1936 through 1949.

11. Li Yun-han, "The Origins of the War: Background of the Lukouchiao Incident, July 7, 1937," 10; also Akira Iriye's comments in Sih 36.

12. For the Amai Statement, April 17, 1934, see U.S. Department of State, *Foreign Relations of the United States: Japan, 1931–1941* (Washington, DC: Government Printing Office, 1943), I:224–25.

13. In return for U.S. bases in Japan, Prime Minister Shigeru Yoshida secured Washington's guarantee of Japanese security in order to keep Japan as lightly armed as possible so that the nation could concentrate all its energies on economic growth. This policy, known as the Yoshida Doctrine, has been followed by all his successors (until Koizumi?). See Unger and Blackburn 1993: 102.

14. A World Bank report, released on July 4, 2006, ranks China, with a GDP of \$2.229 trillion, as the world's No. 4 economy, behind only the U.S., Japan, and Germany. *Qiao Bao* [The China Press] (New York), July 5, 2006, p. B1. According to the *Economist* (July 14–21: 94), China's foreign reserves holdings by May 2006, registered a whopping US\$925 billion, replacing Japan as the world's largest holder of foreign reserves.

15. *Newsweek*, June 12, 2006: 42.

16. See report in Mainichi Newspaper online, April 2, 2006, <http://mdn.mainichi-msn.co.jp>. The same view was echoed on the same show by Chief Cabinet Secretary Shinzo Abe, who succeeded Koizumi after the latter's retirement as Prime Minister in September 2006.

17. Calder (2006: 134) notes that six former prime ministers and five of Japan's six largest newspapers were opposed to Koizumi's visits. Former Prime

Minister Yasuhiro Nakasone even warned that a prime minister should consider national interests above personal conviction (Okazaki 2006: 26).

18. *Japan Times Weekly* 11. Also, Norimitsu Onishi, "Japan Support of Missile Shield Could Tilt Asia Power Balance," *New York Times*, April 3, 2004, p. 1.

19. One example is Allan Topol, "The Resurgence of Japanese Militarism," 2003, *Military.com*. http://www.military.com/NewContent/0,13190,Topol_122303,00.html (accessed July 30, 2006).

20. "New Defense Outline" <http://www.japantoday.com/jp/news/321690>.

21. Cf. "Japan's Bid" <http://udn.com/NEWS/WORLD/WOR1/2618982.shtml>.

22. Contrary to the usual impressions, the Chinese Government tried to stop and contain the popular anti-Japanese demonstrations, urging the people to be rational. One example of the government appeals to rationalism can be found online at: <http://news.sina.com.cn/c/2005-04-16/08285665290s.shtml>. See Chen and Bridges 2006: 129.

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CHAPTER 2

Historical and Contemporary Roots of Sino-Japanese Conflicts

Yung-deh Richard Chu

Introduction

Historically, Sino-Japanese relations have shown three distinct characteristics:

1. China, the stronger of the two neighbors, is never known to have attempted to conquer Japan, the only exception being during the thirteenth century when China itself was under alien (i.e., Mongolian) rule.¹ There is no record to the contrary.
2. China periodically provided Japan with crucial cultural imports that changed the face of Japan, as exemplified in the wholesale transplantation of the advanced Tang culture during the Nara and Heian periods, borrowings from Song Chan Buddhism and art forms into Ashikaga Japan, and assimilations from Ming Neo-Confucianism in the early Tokugawa period. (The Mito School founded under this Chinese influence set the tone for the following two hundred years of Japanese intellectual development.)
3. Japan's domestic problems often became problems for China. During the mid-fifteenth to mid-sixteenth century, for example, when Japan's states were at war with each other, the defeated samurais often banded together and became the hazardous *Wuokou* along the China coast. By the time a unifier emerged in Japan during the late sixteenth century, the Japanese leader Hideyoshi dispatched expeditionary forces to the Korean Peninsula with the declared intention of conquering China.²

Hideyoshi's action inspired twentieth-century Japanese militarists because he was honored as one of their "patron gods" and his expedition became the first expression of Japan's "Continental Policy."³ Through the Tokugawa

period, Japan practiced a “lock up the country” policy for fear of a Spanish naval attack. This policy lasted for over two hundred years until the U.S. Navy, under Commodore Perry, opened up Japan in 1853. In reaction, the Japanese military class hastened to build a modern military force before neighboring China and Korea could catch up. Since then, Japan has turned itself into an aggressive power and taken advantage of its newly acquired military might to exploit its neighbors’ resources for Japan’s own modernization.

This is the background of modern Sino-Japanese relations. This relationship between the two countries falls into four stages—from the Meiji Restoration to Hirohito’s succession, from Hirohito’s succession to the end of World War II, from the end of World War II to the end of the cold war, and from the end of the cold war to the present.

From Meiji to Hirohito’s Succession (1867–1926)

Following the success of the Meiji Restoration, Japan’s two basic national policies were *fukoku* (“enrich the country”) and *kyohei* (“strengthen the military”). In order to achieve these goals Japan had to move southward along the Pacific islands and westward to Korea and China. After defeating China, the old giant neighbor, Japan demanded a huge sum of indemnities, for China had already been exploited for over half a century by Western imperialism.⁴ In addition to ceding lands, China had to pay 230 million taels of silver, which was the total sum of revenue that the Manchu government collected in three years. After only another six years, at the end of the Boxer Uprising, China had to pay another 400 million taels of silver as indemnities to the eight different powers, including Japan. At this time, China had no more cash nor credit to borrow. Consequently, China had to pay by installments with 4 percent annual interest, using its maritime custom income and Salt Bureau tax as collaterals.⁵ The sum scheduled to be paid off by 1940 was a total of one billion taels of silver. However, for a variety of reasons China stop paying one country after another. By the 1920s China had stopped paying all the countries except Japan. As the British were helping manage the Chinese Custom Service since around 1860, Japan continued to collect its share until 1938, a year after the outbreak of the Second Sino-Japanese War. From that, Japan robbed an additional sum of 100 million taels of silver on top of the 230 million it had already received from China.⁶

The cash from China helped Japan to become the first successfully modernized non-Western country within a short period of time, for it provided much of Japan’s capital supply.⁷ Japan utilized the Chinese silver first to modernize its infrastructure—railroads, bridges, port facilities, and basic industries. The largest Japanese industrial complex, Yawada in

Kyushu, was completely built by the Chinese silver following the war. And within a matter of ten years, Japan's industrial products increased 12 times, military forces increased four times, including 4 carriers, 16 cruisers, 23 destroyers, and completely modernized artilleries.⁸ Thus, Japan was able to defeat Russia in 1905, as well as to be on the winning side after World War I. Furthermore, whichever country was defeated by Japan during the same period, China was always the victim. For example, after Japan defeated Russia in 1905, Japan controlled Southern Manchuria as its sphere of influence; When Germany was defeated after World War I, Japan occupied China's Shandong Peninsula until it was forced to give up after the Washington Conference. The relatively "peaceful policy" of Japan in the 1920s known as Shidehara Diplomacy, was soon reversed, and it became more aggressive than ever before after Hirohito succeeded to the throne.⁹

Another very damaging exploitation method Japan imposed on China during the same period was to open up factories to manufacture daily necessities, such as textiles, soap, matches, flour, toys, etc. in the treaty ports, using cheap Chinese laborers, utilizing Chinese resources, and selling in the China market. Most of the capital for the industries in China also came from the war indemnities. These products were known for their cheap price and poor quality. At the same time, it is clear why China had lost its ability to modernize beginning in 1895.

Hirohito succeeded to the throne in late 1926, and his first Prime Minister appointment was an army general, Tanaka Giichi. Under him, Japan formulated the Continental Policy through the Conference on Eastern Affairs, in which Japan mapped out the stages of its proposed expansion, from Manchuria to Inner Mongolia, to north China, and to all of China, and then to the rest of Asia. This policy was put in a memorial form, known as the Tanaka Memorial. However, post-World War II right-wing scholars denied its existence until the discovery of the complete record of the Conference on Eastern Affairs.¹⁰ Furthermore, Japan's expansionist actions through the following years completely followed that plan, stopping Jiang Jie-shi's Northern Expedition in 1928, then occupying Manchuria in 1931, invading Jehol in Inner Mongolia and into north China, and finally the Marco Polo Bridge incident, an all-out invasion of China before heading for Pearl Harbor. In sum, under Hirohito, step by step, Japan carried out this grand plan of aggression.

Internally, the militarists took over the government through a couple of coups. This transformation was accomplished against three significant international factors. First, through the decade from the Soviet Union's issuance of the Karakhan Manifesto in 1919 till the purge by Jiang Jie-shi (Chiang Kai-shek) of his Nationalist Party, China was dominated by Soviet influence. Second, this same period marked the rise of Fascism in

Europe, which was viewed by the Japanese leadership as the latest development of the Modern West. Most of the Japanese military leaders of the following period were exposed to this new idea firsthand.¹¹ Third, the whole world was under economic depression and politically under Anglo-American domination, which restricted Japan's naval force in the Pacific through the Washington and London Naval Conferences. These pressures tremendously disturbed Japanese militarists and thus lead to political coups internally and resulted in further aggression externally.

China after Jiang's Northern Expedition was nominally reunified, but the warlord problem and the Communist-Nationalist debacle continued. Meanwhile, Japan's aggression also continued. By the time of the Marco Polo Bridge incident in 1937, Japan's all-out invasion plan unfolded; China had no choice but to put up a persistent resistance. China's sacrifice in both human and property terms was simply beyond description.

The World War II Years

The objective of Japan's aggression was nothing other than to conquer China and to enslave the Chinese people. Its war policies were vivid in language and explicitly brutal. Its first declared policy was "yi-zhan yang-zhan" or "using war loot to support war efforts." Under this policy, Japan sent professionals from Mitsui or Mitsubishi with the troops. As soon as the military took over a city, the industries of the occupied areas were managed by Japanese professionals with the purpose of continuing production for war material. Parallel with this policy was the Three Wipe-Outs Policy: kill all, loot all, and burn all. After the establishment of puppet regimes in China, a systematic and thorough exploitation of China's resources began. But Japan's propaganda machine told the world that it was building an East Asia Co-prosperity Sphere, a similar version of Monroe Doctrine in East Asia.

One absolutely cruel practice was to round up Chinese youth and make them forced laborers. Some were shipped to Manchuria to build military installations, others to north China to dig mines. After Pearl Harbor, Chinese and Korean laborers were shipped to Japan while Japanese workers were drafted and sent to the battlefields of the expansionist war. Soon after Pearl Harbor, the forced laborers included Americans and other Western POWs. Worse still, the Japanese used live human beings for their experiments of biological and chemical weapons. Such activities were evidenced by the records of Unit 731, the Rotten Legs Village of Yiwu in Zhejiang province, and the victims of the Changde area in Hunan.¹² Besides, no one would forget the Comfort Women, those most dehumanized of sex slaves in military brothels during the war. Until their existence was proven by Japan's own military documents, the government denied it all the way.¹³

There were other equally inhumane happenings, like the magnitude of the dislocated Chinese people with their broken families due to Japanese invasion. And farmers were forced to grow poppies and set up opium dens in the cities in order to raise funds for the Japanese operations in China. At the same time, such practices were also intended to weaken the Chinese people. After the Japanese occupied Manchuria in 1931, organized Japanese farmers were forced to migrate to Manchuria and Korea. They took over the best lands and forced the natives to move elsewhere. Additionally, there was mass destruction from the bombing of Chongqing, Kunming, and other major cities by Japanese air raids even before Pearl Harbor.

Another distortion of history is that Japan has never admitted that other than the atomic bombs, Japan was also defeated by the Chinese. And the post war domestic development in China simply did not allow China properly to claim its victory over Japan. China's wartime basic strategy of "trading space for time" had already stopped Japanese military's dream of defeating China in three months. If Japan had simply been able to dispatch an expeditionary force from China in the fall of 1941 to meet German troops in the heartland of the Soviet Union, the whole prospect of the war would have been different. The same would have been true in late 1942 and part of 1943: if Japan had been able to send more troops to Southeast Asia from China, the picture in the Pacific would also have changed drastically. In both cases, Japan could not do a thing simply because a large number of its best troops were tied up in the China theater by the Nationalist troops in the frontlines and the Communist guerrilla forces in the occupied territories.¹⁴ This happened after Japan utilized its young workers at home and drafted over a quarter million soldiers from Taiwan, shipping thousands of Chinese and Korean laborers to Japan.¹⁵ All these slowed down Japan's advance so that the Allied forces could prepare for the counterattack and final assaults, hopping from island to island successfully, all the way to Japan's doorstep.¹⁶

How do Japanese school textbooks describe the war? They are full of Allied cruelty in their bombing of Japan, highlighted by the inhumane atomic bombs dropped on Hiroshima and Nagasaki, without giving their youngsters the root cause of such suffering of the Japanese people and how and why all these began in the first place! What Chinese and Koreans consider intolerable is that Japanese right-wing scholars have fabricated the war history completely, and the perverted version has even been approved by the Japanese government for use in the public schools.¹⁷ This is why the true history of World War II has become the basic issue that has caused deep resentment among the peoples of Japan's neighboring countries. And the issue has become so serious that a solid peace in East Asia is practically impossible.

Post-World War II Japan

Postwar Japan was under American occupation. China itself was not in any condition to share the glory of occupying Japan, primarily because it was in the throes of a nasty civil war. Other domestic factors and international conditions also contributed to the rapid decline of the Nationalist regime. As the tide of Communism swept across the Asian continent, naturally the United States went ahead to revive Japan to build a strong fortress in the west Pacific. The result was that Japan could get away from its responsibilities for war atrocities, and the major victims of Japanese imperialism remain uncompensated. In the case of Korea, it has to continue to suffer. Further, Japan could insult its wartime victims and openly distort the whole war history, ignoring all wartime residual issues, primarily due to having U.S. backing. Under the American occupation, Japan first had a new Constitution drafted in Washington and promulgated in 1947. As the Chinese Nationalists were collapsing, the Tokyo International Tribunal quickly executed Tojo and six other Class A war criminals, and the rest were sentenced to life. By the summer of 1950, when the Korean War broke out, the Japanese government set them all free. After Japan regained independence in 1952, a number of Class A war criminals returned to government service. Only five years later, one reached the position of Prime Minister.¹⁸

On top of all this, Japan's industrial capability was systematically revived by Washington during the Korean War. When that war ended in 1953, Japan's industrial capability was restored to the prewar height of 1937. Meanwhile, during the war, Washington quickly arranged the San Francisco Peace Treaty. By 1952, Japan's own postwar government was in full operation: Japan's Self-Defense Police force was set up in no time, a mutual Security Treaty was signed with Washington, and in short, all the legal work was completed. By 1955, the two major prewar political parties were merged to be called the Liberal Democratic Party, which has dominated Japanese politics almost all the way into the twenty-first century.¹⁹

China, the greatest victim and one of the major victorious powers of the war did not even participate in the peace conference. Korea, though liberated from Japan's colonial control, was not at the peace conference either. And it continued to be a victim, divided by the major powers. Neither of these victim countries have received proper compensation from Japan thus far. This unreasonable development went along without the slightest sign of change till Nixon visited China in 1972. It was under the U.S. policy that Emperor Hirohito was not tried as a war criminal, even though all the major decisions were approved by him and carried out in his name. Further, not only could a former Class A war criminal become politically dominant a few years after the war, but during the first thirty years of the postwar period, Japan's Prime Ministers were, by and

large, bureaucrats who had once served in Tojo's cabinet.²⁰ In contrast, in postwar Germany, all the ex-Nazi elements were flushed out from government; even those hidden in North and South America with newly created identities were also run down and exterminated.

Contemporary Sino-Japanese Relations Normalization in 1972 and Beyond

In pursuance of UN General Assembly Resolution 2758 (1971), the People's Republic of China (PRC) delegation took the seat of China in the world organization, replacing the Republic of China (ROC). In the following spring, President Nixon made a historic visit to Beijing that was interpreted by many as signifying a new kind of alignment with China against the Soviet Union. This shift greatly changed the world's power structure. Japanese Prime Minister Tanaka Kakuei took Nixon's China visit as a sign of allowing Japan to reopen its China relationship. Thus he followed suit and reached a favorable peace accord with Beijing.²¹ From that time on, Japanese exports poured into China and shortly after reached to the entire Communist world. Thus, by the late 1970s, Japan's economy surpassed all of the European countries. Its auto industry even began to challenge Detroit.

In this environment, in 1978, the Japanese right-wing leaders first relocated the tablets of the 14 executed Class A war criminals to the national Heroes Hall of Fame at Yasukuni as war heroes. They then fabricated a new version of the history of the war by omitting the atrocities committed by Japanese soldiers and changing Japanese aggression to appear as a lofty drive to liberate the Asians from Western imperialism. Japan's plundering of neighboring countries became an altruistic act to build an East Asian Co-Prosperty Sphere.

Meanwhile, in China, most of the Civil War leaders passed from the scene within a short period of time, relaxing the tension across the Taiwan Strait.²² Thus some Chinese, especially frustrated young overseas professionals in North America, were able to redirect their energy to the unresolved issues of World War II. It all started in 1970, when the United States announced it would revert administrative power over Okinawa back to Japan. Mass activities among Chinese communities began to spread from the United States to Hong Kong, Taiwan, Southeast Asia, Europe, and other parts of the world. As the first half of the last century had been filled with Japanese aggressions, a group of scholars founded the Society for Studies of Japanese Aggressions against China to embark on a rigorous scrutiny of Japan's responsibilities. Another group founded the Historical Society for the Study of Twentieth-Century China in order to make a version of modern Chinese history free from either the Nationalist view or the Communist view.²³ Their activities include organizing conferences devoted to specific topics of Japanese aggressions, publishing

journals and newsletters, and translating works from other languages into Chinese. A few of these groups made movies and videos and organized photo displays, painting exhibitions, public lectures, and other media formats suitable for spreading the movement, such as full-page advertisements in New York Times on significant anniversaries.²⁴ These activities often gathered scholars from all over the world and gradually raised a voice demanding a formal apology and reparations from Japan like those given by postwar Germany to victims of the Nazis.

Through Deng Xiaoping's Open Policy and the rapid onset of globalization, Chinese people have been spreading all over the world, and so has the movement.²⁵ Local groups have been organized one after another, and they all have demanded an apology and reparations from Japan. By the end of the cold war an organized voice had emerged. This does not represent the position of any government, but it definitely reflects the shared sentiments of the Chinese people, generating invisible pressures on Beijing, which seems to have gradually shifted its position on Japan, especially when bolstered by China's continuing economic success.

Bumpy Road in the Post-Cold War Era

Through the cold war years, Japan followed U.S. policies closely. As U.S. troops continued to be stationed in Japan, defending both U.S. interests and Japan's security, Japan enjoyed the advantage of not having to spend its resources on defense; instead, it could concentrate on research and development in high tech, and it did so through the Reagan administration and into the late 1980s.²⁶ Tokyo was then asked to share the annual cost of the U.S. troops in Japan after having enjoyed a free ride until then.

Japan's postwar constitution, drafted by the American occupation, contains an article (Art. 9) that states, "Japanese people forever renounce war as a sovereign right." But in reality, even as early as the outbreak of the Korean War in 1950, a small Self Defense Police force was set up in Japan. Shortly after, due to the Japanese authorities' skillfully playing a rapid turnover game, it was able to build up a sizable trained reserve force from that base. By 1970 Japan issued its first "White Paper on Defense," claiming its Self-Defense Forces (SDF) was able to effectively defend itself in any conventional warfare. After the end of the cold war, in 1996, 1997, and 2004, Japan engaged in joint planning with the United States on "defense strategy," "security," and "military cooperation" matters. Though still defensive in nature, Japan's SDF has been moving toward the capability of "taking initiative" and "making surprise attacks." Since June 2003, the Japanese Diet passed a series of "war contingency bills" that give the government significant power in military emergencies, as was made public on June 6 of that year.²⁷

Over the last decade, Japan's annual military budget has been the world's second highest, next only to the United States. For 2004, it was \$42 billion in U.S. dollars, twice the amount of that of China. Its navy and air force are the most advanced in the region. But this does not stop Japan's propaganda machine from crying that Japan's security has been threatened, even with U.S. protection. Meanwhile, a move to repeal Article 9 of the Constitution is ready at any time, with or without the blessing of the Japanese people. Legislation to allow sending troops overseas could become law, and the Defense Department may also be promoted from a sub-Cabinet to a full-fledged Cabinet department.

As mentioned earlier, throughout the cold war years, right-wing scholars fabricated a new version of Japanese expansionist history. Aside from justifying its aggressions, every move was blamed on the victims. Chemical and biological warfare was "simply not true"; the Nanjing Massacre was fabricated by the Chinese; Comfort Women were all volunteer professionals; the list goes on.²⁸ This version has become a laughingstock in the scholarly community, but it has been adopted by the Japanese government for public schools.

Henceforth, the perverted version of the war history has become a fundamental issue between China and Japan. It prevents any rational discussion and has become the major obstacle to building a solid foundation for peace in East Asia.

Against this backdrop, however, in November 1998 an agreement was reached between Beijing and Tokyo, known as the "Sino-Japanese Joint Declaration in Building a Peaceful and Friendly East Asia." One of the projects that came out from this agreement was, following the example of postwar Europe, to organize a joint committee of both sides to prepare a version of East Asian history that would be acceptable to all, including China, Japan, and Korea. Thus, from March 2002 to early 2004, three international scholarly conferences on "Building a Peaceful East Asia through Learning from History" were held successively in Nanjing, Tokyo, and Seoul.²⁹ In the same period, scholars from the three countries went through ten meetings, four in China, four in Japan and two in Korea, to discuss the details and to hammer out a version of modern East Asian history. The result was published in the summer of 2005 in three languages, with emphasis on the relationships of the three countries. But this does not mean that the process has resolved all problems for the parties involved.³⁰

One issue that remains unresolved is reparations. The postwar German government has offered an official apology to all its victims; for example, the 1970 photo of Chancellor Willy Brandt showing the German people's remorse by kneeling in front of the memorial to Holocaust victims in Poland has been widely publicized.³¹ The Holocaust is clearly

in German official history, taught in public schools. Any denial of the Holocaust is outlawed. German companies have as of now given billions of dollars to their wartime victims,³² and Holocaust survivors are still receiving their regular compensation checks as of now.

How about Japan? Prime Minister Murayama did apologize on the fiftieth anniversary of Japan's surrender in 1995, and Prime Minister Koizumi uttered similar language at the Asian-African Summit in Indonesia on the sixtieth anniversary of the surrender in 2005. However, Japan has not made proper compensation to slave laborers, Comfort Women, victims of biological and chemical weapons, survivors of major massacres, or other of its victims. And Koizumi's apology was meaningless; when he was making his apology at an international forum, 88 Diet members were paying homage to the war criminals in the Yasukuni Shrine. Furthermore, the 2005 version of the Diet resolution excluded such terms as "deep regret," "colonial rule," and "acts of aggression" that were in the 1995 version.³³ Right after Koizumi's public apology, the Malaysian Foreign Minister commented to the media that "such an apology should be followed by some action."³⁴

Proper actions to go along with the words are expected by many countries. Aside from China and Korea, Malaysia's parliament passed a resolution urging the Japanese government to do so. The Philippines, the Dutch, and the Indonesians also demanded compensation to go to the wartime Comfort Women.³⁵ Both the German government and press encouraged Japan to make a proper apology with proper compensation to its World War II Asian victims so that true peace might become a reality there one day.³⁶ However, the Japanese government apparently thinks that they can get away with what they did simply because they have made a large financial contribution to the UN annual budget.³⁷ Since 1977 Japan has also given China three types of economic aid. The largest sum is the "low interest loan." The other two are economic aid and technical cooperation projects. According to Japanese Foreign Minister Machimura's claim in late 2005, the total had reached approximately U.S. \$20 billion. But the Chinese Foreign Ministry immediately clarified that this economic aid was in exchange for China's waiving of any demand for war reparations, and the amount was far too little.³⁸

Japanese wartime victims include a sizable number of U.S. veterans, who were forced laborers when detained in Japan's POW camps. Large numbers of surviving Comfort Women are elderly. Other slave laborers and the survivors of massacres and chemical or biological weapons have been calling for reparations for years. All these people are dwindling in number as they age, but they are still carrying their physical and psychological scars day in and day out. To them, the horrible experience of Japanese

aggression is still vivid. To them, it is as if the war isn't over yet! How can there be a solid ground for lasting peace in this region of the world?

With this background, it is not surprising that in 2005, when Japan declared its ambition to become a permanent member of the UN Security Council, and even with Washington's open endorsement and Japan's promise of more economic aid to African Union nations, there was near-unanimous refusal by Asian nations to support Japan's bid and few takers of Japan's offer in Africa.³⁹ On the contrary, it took only two retired Chinese-American high tech engineers in Silicon Valley to initiate a simple e-signature campaign through the Internet to oppose Japan's bid for UNSC permanent membership. Within a matter of a few weeks, they collected 42 million signatures from 41 different countries, which made the campaign the single largest expression of the world's public opinion on a single international issue. This list of signatures was presented to the UN Secretary-General's Office on June 30, 2005, jointly by Chinese, Korean, Dutch, and American veterans.⁴⁰ Where is Japan's credibility to serve on the UN peace-keeping arm as a permanent member?

New Maritime Disputes Rub Salt on Old Wounds

Under a right-wing administration, Japan openly expressed its territorial ambition to take the Diaoyutai/Senkaku Islands from China, Dokdo (Takeshima) from Korea, and the four small islands north of Hokkaido from Russia. Probably most scandalous of all is the case about "Okino Tori Shima," a group of five coral reefs in the middle of the Philippines Sea, over a thousand nautical miles south of Tokyo. But Japan calls the patch its territory, under the jurisdiction of Tokyo's Municipal government. And furthermore, Japan declares its right to the entire 40,000 square miles of ocean territory around it. On April 17, 2006, Japan announced that it is going to study how to enlarge these coral reefs by enforcing them with concrete and by attaching more coral seeds to the reefs.⁴¹ China immediately protested that the reefs do not fit the definition of *island* in international law, and no one can prevent China from utilizing the resources in that region.

With regard to the Diaoyutai/Senkaku Islands, it can be demonstrated by Chinese documents that for centuries it has been Chinese territory. It can also be documented by Japan's own historical materials (as presented in chs. 8, 9, and 10 below). A comprehensive analysis by an independent analyst in English is presented in Han-yi Shaw's study.⁴² According to Shaw, making use of both Chinese and Japanese sources, the island group came under Taiwan's jurisdiction during the Manchu Dynasty from 1644 on. In the Treaty of Shimonoseki of 1895, when China ceded Taiwan to Japan, it naturally went over to Japan, like other small islets such as the Green Island. Similarly, in the 1943 Cairo Declaration

and 1945 Potsdam Proclamation stipulating that "Japan shall be stripped of . . . all territories Japan has stolen from the Chinese," this group of islets were automatically included.

However, Japan has fabricated a series of documents to claim that these islets "were terra nullius."⁴³ Japan further argues that China has never protested when the Diaoyutai/Senkaku Islands were not included in Taiwan's return, nor to the subsequent United States-Japan Agreement of postwar U.S. control of Okinawa, which Japan claims includes the Diaoyutai/Senkaku Islands. In fact, China's position was and is very clear: China was not a part of the San Francisco Peace Conference, nor a participant in the Peace Treaty, and China has declared that none of these postwar agreements, which were reached without China's participation, have any legal binding effect on China.⁴⁴

After the cold war was over, when the United States and Japan formed a stronger alliance, Beijing in return organized the Shanghai Cooperation of Five (later Six) with Russia and former Soviet republics in Central Asia that are China's neighbors. It holds annual head-of-state meetings to discuss all kinds of cooperation. In the recent annual meeting, four other countries were invited as observers, including India, Pakistan, Outer Mongolia, and Iran. The first three are all immediate neighbors. The goal of the meetings is to strengthen the nations' good-neighbor policies. The primary reason for inviting Iran is that Iran is one of China's major sources of oil. Furthermore, China has made specific efforts to resolve border disputes with Russia and with India. During the visit of the Vietnamese Communist Party Chief in late August of 2006, China and Vietnam ended ten years of negotiation by settling their disputed boundary northwest of Friendship Pass.⁴⁵

China further made attempts to resolve border disputes with Russia and then with India. And it conducted military exercises with Russia from Vladivostok all the way to the Shandong Peninsular in the summer of 2005.⁴⁶ Additionally, Beijing signed joint venture agreements for exploring natural resources with Southeast Asian countries in the South China Sea and providing duty-free privilege to some of them, all in an effort to strengthen its southern frontiers. Recently, China's space program, the Shen-zhou series, has carried live astronauts to space. By June 2005, China's foreign exchange reserve surpassed that of Japan, reaching \$875.1 billion by March, 2006.⁴⁷ All this has made Japan nervous.

The most serious issue between China and Japan right now is maritime territories, both for their strategic value and for seabed resources. This issue is both historic and legal, for example, as each seeks to determine its Exclusive Economic Zone. China has been using the principle of continental shelf, and Japan uses the principle of a unilaterally-drawn center line between two country's coastal lines. In fact, when China began to

work in the location within Chinese maritime territories following both principles, Japan still complained that China could suck the gas from under Japan's territorial seabed.⁴⁸ After China had designated four regions—Cun-Xiao, Chan-Xue, Duan-Qiao, and Tian-Wai-Tian—Japan considered part of the area within its Exclusive Economic Zone. On July 14, 2005, Tokyo granted Imperial Petroleum Company a license to excavate oil in the same general area and began identifying the Chinese oil and gas fields by Japanese designations: Shirabaka, Kikyo, and Kusunoki. After these actions Japan now wants to sit down and to negotiate with China.⁴⁹

But China's basic policy is to avoid any major military confrontation with Japan. In fact, other than on the Taiwan issue, China wants to have a peaceful environment so it can concentrate on its economic and industrial development. Meanwhile, to tighten up all the loose ends, and to build a series of friendly nations around the world for its long term goal—to make China a modernized country—it has made major efforts to support and assist the African Union nations, to be friendly with the Islamic world, and to try to reach out to more Latin American countries. Even with such territorial issues as the Diaoyutai/Senkaku Islands dispute, Beijing has tried a variety of ways to discourage radical groups in China, as well as elsewhere in Hong Kong, from rocking the boat.

China's long-term goal is to build a modern country and be prepared to deal with its security problem, including the threat of an aggressive Japan. To reach that goal, China's attention and energies are directed to at least three directions:

1. China wants a peaceful environment. As long as Taiwan does not declare independence, China would accommodate almost any other exigencies to maintain peace so that China could host a successful Olympic Games in Beijing in 2008 and a great 2010 World's Fair in Shanghai. Since Taiwan is now experiencing internal political turmoil and the U.S. Middle Eastern policy is a mess, China's plan may work.
2. China has been broadening its oil supply lines in order to have uninterrupted economic development. In particular, it prizes an uninterrupted supply of oil from the Middle East (especially Iran), from Africa (such as Nigeria), and from Russia. Its oil diplomacy strategy is, as usual, to buy part of the second-largest oil company in each of these regions, and even in Central American countries.⁵⁰ Additionally, since 2004 China has been building four strategic oil reserve bases—Da-lian, Qing-dao, Zhou-shan, and Ning-bo. The Ning-bo facility is supposed to be completed in August 2006.⁵¹
3. What is surprising is China's recent move in the legal area. For example, the Nanjing Xuan-wu-hu District Court has accepted a

case from a survivor of the Nanjing Massacre. The victim, Xia Shu-qing, filed a suit against a Japanese right-wing group who defiled her reputation by calling her a liar for her story about the Nanjing Massacre some seventy years ago. The court handed down a judgment, a victory for her, by fining the right-wing group 1.6 million RMB.⁵² Though the Japanese defendant may not comply with the judgment, yet the case is something unprecedented. Many previous rounds of lawsuits on different World War II issues were fought in Japanese courts, but none of the Chinese plaintiffs ever won. This may be the beginning of a different approach, anticipating many cases in the days to come, especially if the Japanese defendants have assets in China.

Conclusion

Rivalry between China and Japan has always been both rancorous and consistent. Whether it is a dispute, a conflict, or a disturbance, the offensive party, as all available evidence reveals, has thus far always been Japan. From the *Wu-kou* plunderers in the fifteenth through the sixteenth centuries, to the invasions of China in the late nineteenth through mid-twentieth centuries, Japan each time brought untold sorrow, devastation of property, and travesty to China and countless numbers of Chinese people. Unlike the nomads from the other side of the Great Wall who invaded China in history and who eventually melted into the Chinese cultural pot or were driven out by the Chinese, the Japanese pattern was always hit and run, whenever their national power was ready. If Japan won, it would squeeze the Chinese for all it could get. As we have seen, throughout the history of Sino-Japanese contacts, only once (in the sixth to tenth centuries A.D.) was China the more powerful of the two neighboring countries, and Japan was at the receiving end of Chinese cultural and religious (Buddhist) influence and dispensations, which helped enrich Japanese life. At all other times, when China was not as strong, it was always the victim of Japanese ambitions.

Will the twenty-first century be any different? With globalization advancing at its present pace, the world is undergoing an equally rapid transformation. We are reminded by all indications, including Unryu Suganuma's warnings (in Chapter 9), that present-day Japan is plagued by strong right-wing and ultra-nationalistic elements, either tied to past militarist families or to companies that used slave labor during wartime.⁵³ Despite the recent changing of the guard in Tokyo, the post-Koizumi era does not seem to offer any great hope of change for the better. Yet the world cannot afford another major confrontation between Asia's two giants. Nor can other Asian nations, and the rest of the world, afford to see the disruption of peace and stability in East Asia, with its catastrophic

consequences, that another round of armed conflict between China and Japan is likely to bring to the whole region and the global village.

Notes

1. The Mongolian fleet twice attacked Japan, in 1274 and 1281, but both times it was defeated by the Japanese defense force with the help of a typhoon. The typhoon became known as “kamikaze” or Divine Wind.

2. The attempt started by Oda Nobunaga, the first Unifier, also the predecessor of Hideyoshi Toyotomi. Hideyoshi made two attempts in 1592 and 1597 to attack Korea with the declared intention of conquering China. Both attempts reached northern Korea, but his expeditionary forces crumbled after meeting the Chinese rescuing forces from the other side of the Yalu River.

3. The “Continental Policy” was a twentieth-century Japanese expansionist policy under its military regime. The objective was to conquer China and then entire Asia, step by step. The policy was formulated under Hirohito and Tanaka in the late 1920s.

4. From the Opium War around 1840 onward, over half a century, Western powers imposed an unequal treaty system on China. Under the system, the imperialist powers enjoyed such privileges as extra-territoriality, tariff autonomy, most-favored nation treatment, etc.

5. There were three major sources of income for the imperial government during the Qing dynasty, namely land revenue, Salt Bureau tax, and customs duty. The largest at that time was land revenue, which was about 89 million taels of silver a year.

6. The Boxer Indemnities were distributed as follows: Russia, 29 percent; Germany, 20 percent; France, 15.75 percent; Britain, 12.15 percent; Japan, 7.7 percent; United States, 7.5 percent; etc. The annual payment was handled by the British because the Chinese Custom Service had been managed by the British since around 1860. Japan continued to receive its payment until 1938, a year after the Marco Polo Bridge Incident on July 7, 1937, the official beginning of the Second Sino-Japanese War.

7. Walter Rostow’s model for modernization includes three preconditions. The first is “capital formation.” Others include “social overhead capital investment.” These principles are generally accepted and have been applied by a number of post-World War II Asian countries.

8. See Richard Chu’s “A New Interpretation of Japan’s Economic Miracle,” *Chinese American Forum* (January 1989): 24–26.

9. Japanese scholars labeled the decade of 1920s the period of “kensei jodo,” the Normal Constitutional Way of Government. That period’s foreign policy is known as “Shidehara Diplomacy” which includes cooperation with Anglo-America and a non-military policy toward China; this lasted until Hirohito-Tanaka changed the direction in the late 1920s.

10. The Tanaka Memorial is synonymous with Japan’s Continental Policy, which symbolized Japan’s ambition on the continent. But after World War II, right-wing Japanese scholars claimed that it was fabricated by the Chinese wartime propaganda machine. However, after the records of the 1928 Conference on Eastern Affairs was discovered, now readily available in published form, that view has been silenced.

11. A number of high-ranking Japanese World War II military leaders did go through German military training through the 1920s. Even Tojo himself served as Japan's military attaché in Berlin in the early 1920s. Thus they witnessed and were influenced by the rise of Fascism and Nazism in Europe.

12. Yi-wu in Zhejiang Province and Chang-de in Hunan are two areas where Japanese military used substantial amounts of biological weapons, as seen in the collected materials of the Rotten Leg Village and Chang-de Museum. Their cases have been brought up in a court in Tokyo, but they have never gotten anywhere, though they have produced a great deal of influential publicity in China and abroad.

13. Korean scholars discovered the existence of the Comfort Women from Japan's own military documents around 1990 and publicized their findings both in Asia and America. Since then Japan has set up a private foundation to help those surviving women, but the Japanese government has refused both to admit any mistake and to apologize. Similar cases exist in China, Hong Kong, Taiwan, the Philippines, and Dutch Indonesia, but so far no victim is willing to accept this symbolic belated compensation without an official apology.

14. Throughout World War II, there were always over one million Japanese soldiers in the China theater. Even later in the war when the troops were organized under the puppet regimes, the number was still substantial.

15. Of the quarter million Taiwanese-Chinese soldiers drafted in Taiwan after 1943, one-third were killed, largely in Southeast Asia, including Li Denghui's brother. As to the laborers shipped to Japan from mainland China, the official number was 47,000. These slave laborers were by and large working in the mines or doing other kinds of heavy duty.

16. After U.S. forces occupied Iwo Jima in February, 1945, U.S. B-29s (Stratofortresses. See <http://www.1000aircraftphotos.com/Garber/734.htm>.) could directly bomb Japanese home islands. The damage from the carpet bombing of Japan's urban centers was not any less severe than that of the atomic bombs only a few months later.

17. The Japanese revised their official history textbook once every four years. Since the 1980s their version of World War II history has changed every time overall government policy and the mood of dominant scholarly community has.

18. Kishi Nobusuke, Japan's prime minister from February 25, 1957, to July 19, 1960, served as Minister of Commerce and Industry in Tojo's militarist Cabinet. Ironically, he resigned his position as Prime Minister because he had to cancel his invitation to President Eisenhower, the World War II hero, as a result of an unruly student strike in Tokyo.

19. Hosokawa Morihiro, the Head of Japan's New Party, in August 1993 became the first non-LDP Prime Minister since 1954; he was followed by Hata Tsutomu of the Japan Renewal Party in April 1994 and Murayama Tomiichi of the Socialist Democratic party of Japan in June 1994. The LDP regained control in January 1996, when Hashimoto Ryutaro took over as Prime Minister.

20. Reischauer, *The Japanese*, 281. Reischauer is a professor at Harvard University and one of America's foremost Japan experts. He states that Japan's post-war prime ministers Yoshida, Kishi, Ikeda, Sato, and Miki were all bureaucrats in the military government.

21. Tanaka became Japan's prime Minister on July 7, 1972. The peace accord was his first major action toward China and the Communist world. However, Japan and China did not establish formal diplomatic relations until 1978.

22. Mao Zedong, Jiang Jieshi, Zhou Enlai, and Zhu De all died between 1975 and 1976.

23. The Society for the Study of Japanese Aggression against China was founded in 1982. The society published a quarterly journal beginning with the spring of 1990; later it became irregular, appearing only on special topics. The Historical Society for Twentieth-century China in North America was founded in 1983. It is open to China specialists other than ethnic Chinese. The group continues to have annual programs and conferences up to the present.

24. On February 7, 1989, it ran a full page ad in the *New York Times* for the first time, imploring President Bush not to attend Emperor Hirohito's funeral. In the following year, on the anniversary of the Nanjing Massacre, it ran another full page ad. That one caught the eye of David Magee, son of John G. Magee, an American missionary in Nanjing during the Massacre, who donated the film the Rev. Magee took during the Massacre to the activist group in New York City. This firsthand eyewitness account is now kept in the Museum of the Nanjing Massacre in Nanjing.

25. For a comprehensive history of the worldwide Chinese people's movement for redress from World War II, see Y. R. Chu's "The Awakening of Chinese National Consciousness," *Essays on Ethnic Chinese Abroad* 2:331-53. Movements in Hong Kong include Victims of Japanese Military Currency during the Occupation, formed in early 50's by Wu I-xing; the Society in Memory of the War of Resistance Against Japan, formed by Andrew Du, 1988; and the Group to Protect Diaoyutai, formed by Chen Yu-xiang and others, 1991. Movements in Taiwan include Families of Former Japanese Soldiers; the Women's Rescue Commission for Wartime Comfort Women; Group for Sovereignty over Diaoyutai; and Victims of Taiwan Aborigine Gao-shan Tribe. In Malaysia: Seeking Reparation for Family Members Wantonly Slaughtered during Japanese Occupation. In Mainland China: Survivors of Forced Labor in Hanaoka, formed by Gen Shen; Survivors of Nanjing Massacres; Rotten Leg Village; and Comfort Women. There are also many activist groups in North America. In 1994, the Global Alliance, an overall umbrella for the movement, was formed.

26. Under President Reagan's administration, Washington demanded that Japan share the cost of U.S. forces stationed in Japan, about \$5 billion a year. By doing so, Japan is essentially hiring U.S. troops as mercenaries.

27. Howard W. French, *New York Times*, June 7, 2003, p. A6.

28. This distorted version of history was gradually developed. It was then applied by the public schools. In this version, all the Japanese aggressive activities in China were the result of China's wrongdoing. Thus all the actions were justified. In 1982, China for the first time protested this perverted version of World War II history.

29. *Dong Ya San-guo Jin-Xian Dai Shi* provides all the information concerning the process and people involved in compiling the volume.

30. Although this version has improved a great deal from the perverted Japanese version, overall it still lacks proper balance. It emphasizes how Japan suffered under American bombing but says almost nothing about Japan's merciless bombing of Chongqing, Kunming, and other major Chinese cities. Other than a few well-known atrocities like the Nanjing Massacre, the volume has excluded discussion of atrocities.

31. The photo of German Chancellor Willy Brandt kneeling in front of the Monument of Holocaust victims appeared in newspapers all over the world, and

even in college history textbooks such as Makay et al., *History of Western Society*, 7th ed., 1016.

32. This information was seen in the *China Daily* (Beijing), April 23, 2005, reported by Audra Ang of the Associated Press about the same time.

33. The differences between the 1995 version and the 2005 version, together with Koizumi's visit of the Yasukuni Shrine, are reported on *The Japan Times*, August 3, 2005.

34. Malaysia's Foreign Minister, Syed Humid Albar, made this comment to Associated Press reporter Andra Ang right after Koizumi's public apology on April 23, 2005 in Jakarta. The same was also reported by ABC News on the same day.

35. *The Star* (April 26, 2005) reported the sentiment of the Malaysia Parliament members when some members were recalling the atrocities and sufferings of the Malaysian people under Japanese occupation. They are now seeking compensation. Dutch Indonesians, American POWs, Singaporeans, and other victims also have been seeking for compensation from Japan, but with no result.

36. The German perspective was reported by a German freelance journalist, Gebhard Hielscher, and was quoted by Karasaki Taro of *Asahi Shimbun* on May 9, 2005.

37. For a number of year, the U.S. contributed around 25 percent of the UN's annual budget, Japan contributed 12–13 percent; For 2004, the U.S. contribution was 22 percent, and Japan, 17 percent.

38. For detailed figures of Japan's economic aid to China, see the Japanese Foreign Minister's June 6, 2005, statement and the official Chinese response of June 7. Both appeared on June 7, 2005, <http://worldjournal.com>. For China's World War II loss due to Japanese invasion, see the Foreign Ministry spokesman's press conference on May 24, 2005.

39. The African Union has 53 member nations. They once expressed that they wanted to have three permanent representatives in the Security Council with veto power. On Japan's request, 26 of 53 members under Egypt's leadership did not accept the bribery.

40. The petition with 42 million signatures collected from 41 countries were presented by representatives of a number of international human rights organizations to UN Secretary-General Kofi Annan's office on June 30, 2005. It was reported on the *World Journal*, July 1, and *People's Daily*, July 1, online.

41. This group of rock reefs is located 1018 nautical miles south of Tokyo, within the Sea of the Philippines, near Micronesia. Japan has built a concrete retaining wall around the five pieces of rocks. Japan also appropriated 300 million yen for three years to study how to enlarge these islets. See *World Journal*, April 18, 2006.

42. Shaw's monograph on Diaoyutai was published by the School of Law, University of Maryland, in 1999.

43. In addition to Shaw's monograph, two other works including Japanese views can be found in the special issue on Diaoyutai of the *Journal of Studies of Japanese Aggression of China* (no. 20, June 1997), edited by Yungdeh R. Chu; see also *Proceedings on International Law Conference on the Dispute Over the Diaoyutai/Senkaku Islands between Taiwan and Japan*.

44. A detailed discussion on the conflict of China and Japan can be seen from Gregory Clark's article "Reviving the China Threat," *Japan Times*, January 7, 2006; an expanded version is posted on *Japan Focus*, January 15. Clark is a former

Australian diplomat, now VP of Akita International University in Japan; he has presented a relatively objective view on Japan's ambition.

45. *World Journal*, August 28, 2006, p. A8.

46. Beijing's 2005 major diplomatic maneuvers include strengthening relations with Russia by settling the eastern boundary issue, having a joint military exercise along the Pacific coast, proclaiming a "Joint Declaration on the 21st Century World Order," and declaring that 2006 will be China's "Year of Russia," with activities.

47. According to *The Economist*, May 13, 2006, and Economist.com, May 15, China became the largest foreign exchange holder at the end of 2005. It is believed that by the end of 2006, according to the *World Journal*, June 15, 2006, that China's foreign currency reserve may reach one thousand billion (one trillion) U.S. dollars.

48. The first location that China has explored is the Cun-Xiao Oil Gas Field. Its excavation platform was complete in September of 2005; the gas processing factory was done by the end of 2005; a 350-kilometer long pipeline connected with Ningbo in Zhejiang Province was installed by May 7, 2006. See the *World Journal*, March 2, 2006.

49. There had been several rounds of negotiation between China and Japan between June 2004 and October 2005, without any concrete result. See the *World Journal*, October 5, 2005, p. A1. Another round was held on May 7, 2006, and on the same date Beijing announced that it was seeking a negotiated settlement, and there probably will be some kind of joint project involving China and Japan.

50. *World Journal*, June 21, 2006, p. A5.

51. *World Journal*, June 18, 2006, p. C2.

52. *People's Daily* (overseas edition), August 24, 2006, p. 4.

53. Family's Slave (Labor) Link under Scrutiny," *Japan Times*, April 25, 2006. An expanded version appeared on the same paper, May 1, 2006. In these two articles, Reed traces the family background of the two major candidates for succeeding Prime Minister Koizumi in the next election. The family of the current foreign minister, Aso Taro, has had a large mining business since the nineteenth century. He himself was running the company through the 1970s. This company had a history of using Korean and Allied POWs as slave laborers during World War II. The other candidate, Abe Shinzo, the Chief Cabinet Secretary (he succeeded Koizumi in October 2006), is the grandson of Kishi Nobusuke, an accused Class A war criminal who escaped trial as the United States ended the Tokyo Trials prematurely at the onset of the cold war, and who later became Japan's Prime Minister 1957 through 1960; he purposely blocked the opening of government documents on Chinese forced laborers.

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Japan Times

New York Times

People's Daily or *Ren-min Ri-bao*, overseas edition, in Chinese

The Star

The World Journal, or *Shi-jie Ri-bao*, the largest Chinese daily in the United States.

CHAPTER 3

It Takes Two to Tango: The Conflict as Japan Sees It

Sueo Sudo

Introduction

Since the end of the cold war, the power configuration in East Asia has fundamentally altered. Gone are the United States-led structure of containing the People's Republic of China, the distractive influence of the Soviet Union, and the old problems besetting regionalism in Southeast Asia. Although a new order has not yet crystallized, the declining American presence in the region invariably leads to a high expectation for the roles of the two Asian great powers, Japan and China, both of which account for nearly three-quarters of the region's economic activity and more than half of the region's military spending. Many studies have been published in recent years (Drysdale and Zhang 2001; Mori 2004; Jin 2004); they examine the nature of the relationship by posing fundamental questions: Is China a threat? Is Japan reliable? Are China and Japan seeking hegemony and thus bound to compete in East Asia? Can they harmonize their foreign policies regardless of their economic and political differences?

Suffice it to say, finding answers to these questions is not an easy task. For instance, there exist opposing views on Japan-China relations. One view is that both Japan and China will go on a downward spiral as a result of growing antagonism (Self 2002/2003; Hidaka 2005). Another view is that both countries will find a new equilibrium (Mochizuki 2005). Still another related view argues that mutual benefits will eventually be balanced (Sutter 2004). Among the three, the first view is gaining popularity as Japan-China relations have become conflictive in recent years.

To be sure, many worry about the current escalation of the Japan-China conflict, which was not apparent during the cold war period (Calder 2006). In fact, after normalizing their diplomatic relations in 1972, both Japan and China emphasized their mutually beneficial cooperation while

downplaying their differences. It was only during the post-cold war period that we have begun to witness intensified rivalry for leadership in the region. Because future stability in East Asia depends heavily on the amicable relationship between Japan and China, this chapter provides an alternative view on the relationship: China and Japan should join hands in building East Asian regionalism, instead of aiming at unilateral hegemony and cutting each other out. Before explicating this alternative view, however, it would be worthwhile to examine the nature of the conflict between Japan and China from a historical perspective.

Dualism in Japan-China Relations: “Cold Politics, Hot Economy”

It is well known that contemporary relations between Japan and China are characterized as stagnating political relations and thriving economic relations, or what can be called “cold politics, hot economy.” In other words, we are witnessing dualism in Japan-China relations. Let us see how this dualism came into existence and to what extent it affects Japan-China relations.

Deteriorating Political Relations

Underneath the favorable economic relations, political problems, such as the Diaoyutai/Senkaku Islands dispute, the history textbook and Yasukuni shrine issues, and the United States–Japan alliance, have surfaced occasionally and adversely affected the political relationship. The rise of China’s power and influence in East Asia, coupled with its military assertiveness over the Republic of China (Taiwan) and the South China Sea, are especially important barometers for Japan’s China watchers. Subsequently, the Japanese have begun to see China’s growing power as Japan’s long-term security concern, and many Japanese view China’s remarkable economic growth as undercutting Japan’s leading economic role in East Asia. The Japanese and Chinese have therefore come to view each other as rivals. These international concerns were further circumscribed by domestic factors in both countries. For instance, the Chinese perception of Japan has become negative due mainly to the Chinese government’s implementation of patriotic education (Shimizu 2003). Similarly, the Japanese perception of China has gradually worsened due to growing nationalism in Japan.

The results of the annual Japanese government opinion poll on Japanese sentiments toward China indicate major changes between 1989 and 1996 (see Figure 3.1). The first major change is not difficult to comprehend. The Tianenmen Square incident drastically altered the Japanese image of China from positive to negative (Ito 2005). The poll

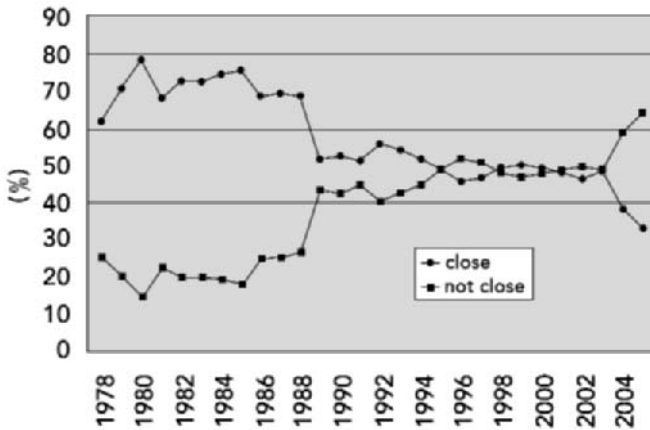


Figure 3.1 Opinion Poll—Japanese Public Sentiments toward China

shows that the percentage of Japanese who felt an affinity for China fell to 51.6 percent in 1989 from 68.5 percent in 1988, while those who did not feel affinity rose to 43.1 percent in 1989 from 26.4 percent in 1988. With this incident, the positive image in Japan of the “China boom” disappeared (Takahara 2004).

The second event was China’s nuclear test in 1995 and missile exercises against Taiwan during the 1996 election. The Japanese public was increasingly resistant to Chinese external behavior after the nuclear tests, which were carried out despite strong Japanese protest, offending Japan’s sensitivities about nuclear issues. In March 1996, furthermore, China fired ballistic missiles near Taiwan to intimidate island voters prior to the first-ever popular election of a Taiwan president. Japan joined the United States in condemning China’s missile diplomacy, which put a more anti-China gloss on the April 1996 Joint Declaration between Prime Minister Ryutaro Hashimoto and President Bill Clinton. As a result of these events, beginning in 1996 more Japanese people had a negative image of China than a positive one.

Yet the real change came in 1998, when a Chinese head of state, President Jiang Zemin, came to Japan for the first time. Hashimoto’s successor, Keizo Obuchi, stood more firmly than his predecessors against China. He refused to concede to Chinese demands that Jiang’s historic visit in November 1998 be rewarded with a statement on Taiwan similar to the one Clinton gave during his trip to China in June 1998 or with a written apology for historical wrongs. Angered by Japan’s stubbornness, the Chinese leader hardened his stance on Japan’s historical record of aggression during his visit. He stressed the view that the more strongly he

criticized Japan's position on historical issues, the better future relations with Japan would become. Whether Jiang really expected his stance to be effective as a diplomatic card is not clear. This tactic had certainly worked before, especially during the 1980s, but the Japanese political environment had changed drastically since the ruling Liberal Democratic Party's split and the collapse of the Japan Socialist Party in 1993 (Green 2001; Mochizuki 2005).

As many observers suggest, Jiang's visit ended up provoking a backlash in Japanese attitudes. In fact, Jiang spent most of the summit meeting discussing the history problem and brought up the issues on all occasions during his six-day stay, including his speech at the imperial banquet. His persistent mention of the history issue was not received well by most Japanese, who felt slighted (Takagi 1999: 36). China's Japan-watchers should have known that such a heavy-handed stance would adversely affect the Japanese in the new political environment. If it was not obvious before the summit, however, Chinese leaders clearly understood afterward that its attitude would have to change to preserve the friendly diplomacy architecture and keep Japanese investment flowing in.

Growing Economic Interdependence

Ever since the normalization of diplomatic relations in 1972 and especially the conclusion of peace treaty in 1978, Japan has attempted to support China's reform and opening policies through official development assistance (ODA), technical assistance, and policy advice, while encouraging China's admission to the World Trade Organization (WTO). As a result, economic relations have become increasingly close and interdependent. Trade and investment in particular have increased beyond expectation. Trade between Japan and China, for instance, reached

Table 3.1. Japan-China Economic Relations

<i>Year</i>	<i>Trade</i> <i>(\$billion)</i>	<i>Investment</i> <i>(\$million)</i>	<i>Aid</i> <i>(\$million)</i>
1990	18	457	723
1995	57	3028	1380
2000	85	995	769
2001	89	1440	686
2002	101	4190	829
2003	132	5054	759
2004	168	5451	964

Sources: Japan External Trade Organization, *JETRO boekitoshi hakusho*, various issues; Ministry of Foreign Affairs, *Japan's ODA*, various issues.

\$100 billion in 2002, Japan's imports from China for the first time surpassed that from the United States in 2003, and in 2004 total trade reached the highest level of \$168 billion, surpassing that between Japan and the United States for the first time. Similarly, Japan's investment in China reached its highest level in 2002, after a temporary reduction beginning in 1998. In 2003, Japan's investment reached \$5,054 million, the second largest after the United States.

In terms of economic cooperation extended to China, Japan has been providing ODA since 1979 in the recognition that stability and prosperity in China brought about by reform and an open policy will contribute to the peace and prosperity of the region. However, because of China's recent economic growth and Japan's stringent economic and fiscal situation, there has been growing pressure to review Japan's economic cooperation with China. Given the enormous changes which have taken place in both countries' economic and social circumstances, Japan now believes that aid should be reduced and concentrated on priority areas, and attention should be paid to priority issues that will encourage China to become a more responsible member of the international community.

Why are economic relations thriving despite worsening political problems? Economic relations have improved remarkably due mainly to both governments' careful handling of the political problems, to wit, the separation of economy from politics. It can be said that the silver lining behind the stagnating political relations is the steady progress of economic interdependence, which is propped up by a strong business community in Japan. In the face of a series of anti-Japanese movements in recent years, whether this silver lining continues in the future remains to be seen.

The Politics of Resentment: The Shrine Visits vs. Demonstrations

The year 1998 is regarded as a watershed year because the traditional style of "friendship diplomacy" came to an end (Kokubun 2001; Self 2002/2003). Following President Jiang Zemin's visit to Japan in November 1998, Prime Minister Obuchi paid a return visit to China in July 1999. A substantial agreement was reached in bilateral negotiations on China's accession to WTO, and both sides agreed to a visit to Japan by Premier Zhu Rongji in 2000 and the further promotion of 33 specific areas of cooperation toward the twenty-first century (*Yomiuri Shimbun*, July 10, 1999). Furthermore, Chinese reaction to the history issue showed a marked change when Premier Zhu visited Japan in October 2000. He suggested that China would no longer press Japan for an apology (*Asahi Shimbun*, October 17, 2000). This change might have

been prompted by the realization that Jiang Zemin's repeated emphasis on the history issue during his 1998 visit to Japan turned out to be counterproductive in other areas of cooperation between the two.

The year 2001 was another critical year. For one thing, Japan-China relations went through a difficult phase over the history textbook issue, especially because China intervened into Japan's domestic affairs by directly requesting changes to eight specific points in the junior high school history textbook edited by the Japanese Society for History Textbook Reform in May. Although Japan's Ministry of Education informed China that it could not make the requested changes, China insisted that Japan take serious and effective measures to appropriately deal with the issue (*Nihon Keizai Shimbun*, May 17, 2001).

Another critical change was the advent of a nationalistic political leader in Japan. During the election campaign for the Liberal Democratic Party's presidency in April, Junichiro Koizumi appealed to nationalistic sentiments by promising to visit the Yasukuni shrine on August 15, the anniversary of the end of the Pacific War. Yasukuni is a Shinto shrine that honors almost 2.5 million war dead, including 14 Class A war criminals. Koizumi's repeated statements were met with Chinese requests that he refrain from visiting the shrine on this sensitive day. According to a newspaper investigation, it was revealed that Japan and China soon reached an agreement that Koizumi would not make the visit on that day and that he would go to China for a state visit in October (Yomiuri Shimbunsha 2006, 235). With this behind-the-scene agreement, Koizumi visited the shrine on August 13, and China welcomed Koizumi's visit to Beijing on October 8—his first official visit since his election in late April.

Although Koizumi spent only a few hours in China, he realized the need to work hard to improving Japan-China relationships in a limited time frame. From the Beijing International Airport, he went directly to the Memorial Hall of the War of Resistance against Japanese Aggression, near the Lugouqiao Bridge (Marco Polo Bridge) in suburban Beijing. Following former Prime Minister Hashimoto's endeavor in 1986, Koizumi delivered a speech in which he expressed his apologies and mourning for the Chinese people who were killed in the invasion in the early twentieth century. He also expressed his intention to devote himself to the development of friendly bilateral relations in the coming years. Although Chinese leaders reiterated China's firm stand on historical issues, President Jiang responded to Koizumi's speech positively, saying, "Koizumi's Lugouqiao Museum visit is of great significance. Current bilateral problems will be resolved soon" (*Asahi Shimbun*, October 9, 2001). It is interesting to note here that during this bilateral summit, the Chinese leaders felt that Koizumi's words and actions in China could have led Koizumi to abandon the idea of visiting the shrine again, while

Koizumi came to believe that his Yasukuni visit for peace had gained Jiang's understanding.

In April 2002, Koizumi visited China to attend the Boao Forum for Asia. In his speech at the forum, he averred, "Some see the economic development of China as a threat. I do not. I believe that its dynamic economic development presents challenges as well as opportunity for Japan" (Koizumi 2002). However, when Koizumi visited the shrine again soon after returning from China, many were apprehensive about the possible negative impact on the relationship. This time, Koizumi made a sudden decision without consulting the Foreign Ministry. As expected, the Chinese government strongly protested to Japan's ambassador and ended up postponing a visit of then-Minister of State for Defense, as well as the first call by a Chinese naval fleet to Japanese ports (*Asahi Shimbun*, April 24, 2002). In May, five North Koreans tried to bolt into the Japanese consulate in Shenyang in northern China, but they were arrested and taken away by Chinese police. Japan protested that its consulate officials had consented to neither the police entering the consulate nor to the arrest of the North Koreans, and that the Chinese police had encroached upon Japan's inviolable rights. Japan's strong reaction was motivated by cumulative resentment of Chinese actions in recent years and a defiant attitude toward a rising China (Wan 2003: 828).

The year 2002 marked the thirtieth anniversary of normalization of diplomatic relations. However, a trip to China planned by Prime Minister Koizumi to take place around the anniversary date, September 29, did not happen because of his visit to the Yasukuni shrine. Most importantly, at a meeting in Mexico in October, Jiang Zemin stressed that Koizumi should bear in mind that his visit to the shrine hurt the feelings of 1.3 billion Chinese people (*Nihon Keizai Shimbun*, October 29, 2002). He especially underscored the necessity to take history as a mirror and look toward the future. Koizumi responded by saying that he had visited the shrine not to pay respect to any particular individual, but rather as a token of respect to the memory of those who were sent to fight and died in the war. This meeting, according to a newspaper investigation, turned out to be a turning point in the bilateral relations (*Asahi Shimbun*, January 6, 2006). Chinese President Jiang repeatedly pressed the Japanese leader to cease his visits to the shrine. This made Koizumi firmly believe that visits to Yasukuni should continue so as not to give in to China's pressure. In other words, the politics of resentment has come into play in Japan-China relations.

In December 2002, Ma Licheng's article entitled "New Thinking on Sino-Japanese Relations" came under scathing criticism from the public via the Internet. As if reflecting a change in Chinese foreign policy under the new administration, the article by a senior reporter with the *People's*

Daily argued that China should place importance on relations with Japan. It further stressed that China should not insist on its view about historical issues, and that, instead, it should place importance on Sino-Japanese relations from a strategic standpoint. By overemphasizing that historical issues had been settled and that China should not oppose visits to the Yasukuni Shrine by Japanese prime ministers, Ma himself came under strong criticism from the public. The debate aroused a new anti-Japanese sentiment among the general public in China (Ma 2003; Gries 2005).

In the midst of a growing expectation for better bilateral relations, Prime Minister Koizumi visited the shrine on January 14, 2003. His third visit, however, did not provoke serious protests due to ongoing political changes in China and South Korea. Instead, the Japanese media strongly voiced its concerns, requesting a major change in the politics of resentment (*Mainichi Shimbun*, January 15, 2003). In March, Hu Jintao succeeded Jiang Zemin as China's president. With the formation of the Hu administration, China strengthened its stance of attaching importance to relations with Japan. Two months later, for instance, Koizumi and Hu held their first summit talks, while attending a commemorative ceremony marking the 300th anniversary of the city of St. Petersburg, Russia. At the meeting, President Hu did not touch on Koizumi's visit to Yasukuni shrine and merely asked Koizumi to deal properly with the question of Taiwan and the differences between the two countries over historical issues. During the talks, Hu told Koizumi that he wanted to build China-Japan relations in the new century in a manner that takes history as a mirror and looks toward the future, takes a long-term perspective, and gives consideration to a broad picture (*Asahi Shimbun*, June 1, 2003).

Under these precarious circumstances, the Chinese public became more inward-looking and nationalistic. A series of popular anti-Japanese activities took place in many cities in China. In August, construction workers in the city of Qiqihar in Heilongjiang Province were injured by canisters of mustard gas buried during the war by the Japanese army. It took over two months for Tokyo and Beijing to agree on a settlement payout, during which time Japan's image among the Chinese public deteriorated further. In September, Chinese media reported the investigation on an incident involving Japanese tourists who reportedly engaged in a three-day orgy with Chinese prostitutes in a luxury hotel in Zhuhai. In October, furthermore, in a cultural festival at Northwest China University in Xian, four Japanese students performed a short dance skit that was deemed obscene and humiliating. As many as 1,000 students protested on the campus and then marched downtown (*Yomiuri Shimbun*, October 31, 2003).

On January 1, 2004, Koizumi visited the shrine for the fourth time and suggested that he would continue this practice annually. This visit

incited Chinese leaders, and they have raised the issue at every occasion, describing it as an obstacle to bilateral relations and thwarting constructive resolution of other problems: they have suspended summit meetings and canceled naval visits, as well as impeding Japanese bids on China's bullet train plans, support for Japan's quest for a permanent Security Council seat, and a host of other issues. Koizumi, however, showed no regrets. Some of the Japanese press expressed agreement with Chinese sentiments, but the Japanese public in general was wary of recurring bursts of anti-Japanese nationalism (*Mainichi Shimbun*, January 3, 2004).

As a reaction, various action-provoking policies were taken by the Chinese. Beginning in March, a group of civilian Chinese activists landed on the Senkaku islands; they were promptly arrested and deported by the Japanese authorities. In May and June, moreover, it was reported that China started its drilling activity to tap offshore gas fields at a point just five kilometers from the dividing line between Japanese and Chinese zones in the East China Sea. In July and early August, when China hosted the Asian Cup soccer tournament, the visiting Japanese national team and its supporters became the targets of hostile expressions of anti-Japanese sentiment, including damage to a Japanese Embassy car (*Asahi Shimbun*, August 8, 2004). Finally, in November, a submerged Chinese nuclear-powered submarine entered Japanese territorial waters. The Japanese government issued a maritime security operation order to the Maritime Self-defense Forces, whose aircraft and ships tracked the movements of the submarine.

Under these critical circumstances, Koizumi met for the third time with Chinese President Hu on November 23, but the latest meeting was the first in which the Chinese president directly touched upon the Yasukuni issue and asked Koizumi to stop future visits. Insinuating the quid pro quo for normalized relations, President Hu said: "The biggest reason for difficulties in the political relationship between China and Japan is the visits to the Yasukuni shrine by Japan's leaders. Using history as a mirror, I hope the matter is settled satisfactorily with the spirit of looking toward the future" (*Nihon Keizai Shimbun*, November 24, 2004).

In early 2005, another wave of anti-Japanese movements took place. In late March, a grassroots campaign to protest Japan's efforts to secure a permanent seat on the United Nations Security Council garnered an estimated 22 million signatures. Soon after that, Japanese businesses and government offices in Beijing, Shanghai, and southern China were targets of anti-Japanese demonstrations, which the Chinese government did little to stop, and where people shouted, "Down with Japanese products" and "Patriotism is not a crime." News of the outbreak of violent anti-Japanese demonstrations was received with a mixture of anger, consternation, and alarm in Japan. The Japanese government, while protesting and demanding

an apology and compensation from the Chinese government, called on the nation to react calmly, but there is a fear of backlash among the Japanese. One newspaper described the situation as “perhaps the worst since Japan-China diplomatic normalization in 1972” and argued that “many people in Japan are taking seriously the issues of historical perception that the Chinese call into question and are addressing the calls from neighboring countries. But if such violence continues, reasoned voices on both sides may be buried in emotional confrontation” (*Asahi Shimbun*, April 11, 2005).

To Japan’s request for apology and compensation, Foreign Minister Li Zhaoxing rejected any idea of a Chinese apology, further straining relations between the two nations. Beijing’s rejection seemed to reflect a sense of vulnerability, a sense that the government and party might become the target of patriotic protests unless they dealt properly with the anti-Japanese campaign. Then, on April 19, Beijing effectively halted the anti-Japanese protests. These events revealed the fact that the Chinese government is exploiting historical grievances against Japan. Equally apparent is the negative effect that Chinese diplomacy has had on the Sino-Japanese relationship (Khoo and Smith 2005: 199). Soon after winning the general election with a landslide victory for the LDP, furthermore, Koizumi undertook his fifth visit to the shrine on October 17. As retaliation, China cancelled a planned meeting with the Japanese foreign minister. In December, furthermore, China decided to postpone a summit meeting between Japan, China, and South Korea (Hiwatari 2006). Thus, the politics of resentment is likely to continue as long as Koizumi remains in office, until September 2006.

Finally, defying repeated warnings from China and South Korea, Koizumi fulfilled his April 2001 campaign promise by visiting the shrine on August 15, 2006. It was the first August 15 visit by a prime minister since 1985. China and South Korea strongly protested the visit, calling it an action that further undermines bilateral ties. Their reactions, however, were somewhat moot, and anti-Japanese movements have been effectively contained. Reflecting on the feeling of the public, a newspaper editorial commented, “Mr. Koizumi’s stubbornness has exposed his failure to grasp what his behavior signifies in a larger, historical context. By repeating the visits to Yasukuni and making his last one on August 15, Mr. Koizumi has placed priority on his cherished sense of ensuring that his behavior matches his words, rather than on the need to nurture a harmonious regional environment” (*Japan Times*, August 17, 2006).

Why is the Yasukuni issue so inflammatory? It is likely that Koizumi’s visits are designed to play a political role in sustaining his regime. By allowing Beijing to play this card, Koizumi can portray himself as a tough politician. This is a quintessential Koizumi tactic that he is quick to

employ whenever he wishes to increase his popularity (Taniguchi 2005: 450). Similarly, China, in a successful effort to weather the crisis of Communism punctuated by the end of the cold war, has stepped up market-oriented economic reform while drumming up nationalism. It is likely that the Chinese will soon come to acknowledge that nationalism is a double-edged sword: it can either strengthen national unity or destroy external policies of national development (Shimizu 2006). It invariably behooves the two to go beyond politically motivated nationalism, as one Chinese observer cogently put it: "Precisely because China and Japan together constitute the center of East Asia, a breakthrough in the various issues impeding closer bilateral relations could fuel the development of the region as a whole. The time has come to think seriously about both countries' roles in the region and to face our responsibilities, for unless we do, East Asia is in danger of being left behind" (Ma 2004: 41).

Despite all of these negative interactions, however, we can witness cooperative efforts. In fact, Koizumi has repeated his basic posture on many occasions: China's rise is not a threat, but an opportunity and a positive challenge. In response, Chinese leaders never discard the basic framework for Japan-China relations in the twenty-first century that was established by the Japan-China Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development, issued during President Jiang's visit to Japan in 1998. In other words, both the Japanese and Chinese governments are well aware of the importance of their bilateral relations and the growing interdependence of their nations, although they take different approaches. Japan prefers not to single out the issue of Yasukuni, taking a broader view of ways to improve ties with China. China, by contrast, has staked out the position that halting Japanese leaders' visits to the shrine is the key to clearing away to smooth relations.

East Asian Regionalism: Opportunity or Danger?

It is true that the rise of China is becoming reality in East Asia, but this does not lead us to conclude that China is displacing Japan as East Asia's leader. As Mulgan argues, it would be a mistake to look only to a rising China and to relegate Japan to a diminishing position (Mulgan 2005). Indeed, the rise of China makes Japan strategically more important to the United States and other countries in the region. The Association of Southeast Asian Nations (ASEAN), for instance, looks to Japan to prevent China's presence from overwhelming East Asia (Ba 2005, 180).

To improve chances for mutual conciliation between Japan and China, the following issues would be worthwhile examining. First, as many scholars and researchers in Japan contend, joint leadership in co-designing

a new regionalism in East Asia has been a key factor (Hirakawa and Kim 2004; Amako 2005). The unique development of ASEAN+3 (including China, Japan, and South Korea) is a case in point. It is well known that the ASEAN+3 framework emerged from an increasing drive among the East Asian countries to learn from the 1997–1998 currency and financial crisis and strengthen regional cooperation. In November 1999, thirteen leaders for the first time adopted the “Joint Statement on East Asia Cooperation,” in which leaders resolved to promote cooperation in a wide range of areas encompassing monetary and financial cooperation, social and human resources development, and development cooperation, as well as political-security and transnational issues (*Asahi Shimbun*, November 29, 1999).

The most important change was a shift in China’s regional policy, influenced by the concept of “peaceful rise” (Mori 2005, Kojima 2005). For instance, at the November 2000 ASEAN+3 summit in Singapore, China defined its positive stance toward ASEAN+3 while referring to specific cooperation and stressed that China’s accession to WTO would not pose a threat to ASEAN. To everyone’s surprise, China proposed a free trade area (FTA) with ASEAN in 2001 (*Yomiuri Shimbun*, November 7, 2001). Why has China decided to advance vigorously its FTA with ASEAN? First, China pursued its bilateral integration with ASEAN, i.e., ASEAN + 1 (or CAFTA), rather than a multilateral institution that would include Japan and Korea as well as China, or ASEAN+3, because in the latter case, Japan’s alliance with the United States would unnecessarily complicate ASEAN’s relations with China. Second, China regarded an FTA in East Asia less practical than an FTA in Southeast Asia simply because ASEAN is already pursuing its own FTA. China’s need to develop its southwestern provinces and its competition with Japan in terms of demonstrating leadership in regional economic affairs was also involved (Zha 2002; Ishikawa 2005). One Chinese scholar emphasizes the political motivation: “the ASEAN-China agreement is essentially politically motivated. China’s main goal is to build political trust with its neighbors and other important players in the region to strengthen regional security in favor of China. The CAFTA is also directed to allay the fear of the China threat among China’s weaker Asian neighbors, who have been suffering the loss of FDI to and struggling to compete with China for a decade. Competing with Japan for regional leadership and influence is another concern of China as a rising regional and global power. Thus the CAFTA proposal is widely regarded as a way of preempting other powers’ dominance of Asia” (Wang 2005, 52).

Goaded by China’s diplomatic offensive, Japan and Singapore signed an agreement for a New Age Economic Partnership (JSEPA) on January 13, 2002. This aimed to promote freer transborder flows of goods, people,

services, capital, and information, to contribute to the promotion of an economic partnership. When the JSEPA was signed, it was hailed as being of great strategic significance for East Asia and for offering Japan a model for future regional relationships (*Mainichi Shimbun*, January 14, 2002). In terms of the regional economic agenda, Japan was quick to respond to China's 2001 overtures to ASEAN for a China-ASEAN FTA. Obviously China's actions precipitated Japan's own responses, and Japan-China competition has become one important driving force for greater Japanese participation in regional affairs.

As part of the Japanese initiative, moreover, Prime Minister Koizumi held a Japan-ASEAN summit meeting in Tokyo in December 2003, the first summit meeting ever held outside Southeast Asia. At the thirtieth Japan-ASEAN commemorative meeting, the Tokyo Declaration for the Dynamic and Enduring Japan-ASEAN Partnership in the New Millennium was issued (Sudo 2005). In the declaration both parties adopted the following principles and values:

1. Japan and ASEAN will contribute to the creation of an East Asia region where countries and peoples can live in peace with one another and with the world at large in a just, democratic and harmonious environment.
2. Japan and ASEAN will forge a common vision and principles, including respect for the rule of law and justice, pursuit of openness, promotion, and protection of human rights and fundamental freedoms of all peoples.
3. Japan, through its development assistance and support programs, will give high priority to ASEAN's economic development and integration efforts as it strives to realize the ASEAN Community.

At the eighth ASEAN+3 summit in 2004, ASEAN+3 leaders decided to hold an East Asian summit in 2005. Since China proposed to host the second summit after Kuala Lumpur, ASEAN was obliged to come up with good reasons to stay in the "driver's seat" and determine when and where the East Asian summit should be held. The first East Asian summit was held in Kuala Lumpur on December 14, 2005. The Kuala Lumpur Declaration on the East Asian Summit reflects the state of power relations in the region. It confirms the members' lowest common denominator: they are all prepared to be engaged in a forum for dialogue, not only on economic issues but also on political and strategic issues. They want the summit to be an open, inclusive, transparent, and outward-looking forum. They strive to strengthen global norms and universally recognized values without mentioning democracy and human rights. They also agreed that ASEAN is the "driving force" that works in partnership with the other participants of the East Asian Summit (ASEAN 2005).

The second is the so-called ASEAN factor. As we have seen above, in terms of regional leadership, both Japan and China have inherent problems. Japan, for instance, is unable to abandon protectionism, its ugly history, and its underlying wariness about China. Similarly, China has problem with the image of its potential economic dominance, together with its continuing territorial disputes around the region. Given the Sino-Japanese competition in such circumstances, Southeast Asia is likely to maintain its strategic advantage in relations with China and Japan in the years to come. First, Southeast Asia is a key to regional influence. Second, Southeast Asia has its own geopolitical significance for both China and Japan. Third, with a population of 450 million and growing economies, Southeast Asia has unequivocal economic importance. In other words, the obvious competition between Japan and China for regional leadership has been beneficial to the growth of regionalism in East Asia in general, and Southeast Asia in particular (Kraft 2005).

More specifically, Southeast Asian countries as a group employ two general strategies to protect themselves against domination by a strong China: engagement and hedging. As one observer suggests, the region bandwagons with China only to the extent that it desires the Chinese trade market and seeks to avoid the costs of alienating it as the region's rising great power. To be sure, Southeast Asia is far from passive in responding to the rise of China in the region (Roy 2005). In other words, while in the long term the animosity between Japan and China will not be conducive to the development of an East Asian community, in the early stages of regional integration the Sino-Japanese competition for influence may actually help to speed up the process (*Straits Times*, December 24, 2005).

Conclusion

In sum, the above discussion leads to the following conclusions. First, political relations between Japan and China hit the lowest point during the Koizumi administration, but not to the extent of jeopardizing economic relations. Two-way trade, for instance, improved in 2005 to reach a record high of \$226 billion. Second, the politics of resentment as a game of chicken deteriorated in such a way that top leaders were unable to hold any high-level meeting. Yet our analysis of Koizumi's handling of Japan's China policy between 2001 and 2006 clearly suggests that escalation of tensions spawned by emotions and renewed nationalism in both countries would be counterproductive (Mori 2006). Third, underneath the troubled political relations, however, the opportunity for East Asian regionalism looms increasingly large in recent years. Suffice it to say that the quest for joint cooperative leadership will be a key to overcoming nationalism *cum* rivalry in East Asia (Shinagawa and Ogoura 2006).

To be sure, the development of the ASEAN+3 framework amply suggests that because of the ASEAN+3 framework, both Japan and China are

hard pressed to coordinate their policies. Indeed, since the change in China's posture on regional cooperation, both countries are inclined toward regional integration and an East Asian community. They have now agreed to promote a multinational approach to various problems in the region, although they differ in their choice of means to achieve projected goals. In a similar vein, because of the ASEAN+3 framework, ASEAN has been able to enhance its political leverage vis-à-vis Japan and China, profiting politically and economically from their strategic opposition. ASEAN members can feel comfortable with the Northeast Asian giants vying for influence in Southeast Asia and each struggling to accommodate their Southeast Asian neighbors as best they can. In this respect, ASEAN+3 has the potential to become the dominant regional institution in East Asia.

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CHAPTER 4

The Evolving Global and Regional Economic Roles of China and Japan: Competitive and Complementary Forces

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At somewhat different times during the postwar era, both China and Japan have been referred to as “miracle economies,” with a good deal of justification in both cases. Japan had by far the highest rate of growth in the industrialized world from the 1960s through the 1980s, and by 1990 it had arguably caught up with, if not passed, the United States as the world’s leading economy. For most of the last 15 years, in stark contrast, Japan’s economy has stagnated. China’s economic surge has, if anything, been more spectacular than Japan’s in numerical growth rate, as it has had the highest growth rate in the world over the last 25 years, a truly remarkable accomplishment. Yet because it started from such a low base in development, China is still at the level of a developing nation in terms of GDP per capita (it has 1.3 billion population), although its industrial centers, particularly Shanghai, are certainly first-world cities (United Nations, 2005).

Just as this outline of the two economies suggests, they may be going through a fundamental transition that has both complementary and competitive aspects. China is following Japan up the ladder of industrialization and rapid growth, just as Japan followed the United States several decades ago, and as the United States followed Great Britain a little more than half a century before that. In each of these previous economic “power transitions” the relationships between the old world leader and the rising challenger were complex. In diplomatic and military terms, the United States and England were allies, as were the United States and Japan. Economically, however, their relations were certainly mixed. Both challengers (first the United States and then Japan) industrialized by exporting manufactured goods to the open economies of the world leader

while keeping their markets substantially more closed. Consequently, many businesses and consumers in the two countries had substantial mutual benefits that promoted good relations between the two countries. Conversely, declining industries in the old world leader believed that they were suffering from unfair competition from the protected industries in the rising economic power; this led to a nationalistic backlash against the rising power. Moreover, the strains of “power transition” often led to negative perceptions and stereotypes of the two populations about each other (Gilpin 1987).

These contradictory dynamics can be seen, for example, in the relations between Japan and the United States during the 1980s and 1990s (Fallows 1994; Harrison 1994; Ishihara 1991; Prestowitz 1988; Tyson 1992). Other things being equal, therefore, a similar pattern of economic conflict and cooperation and of competitiveness and complementarity would be expected in the current state of Sino-Japanese relations. As described below, this is certainly the case to some extent. However, the other essays in this volume demonstrate just as certainly that “other things are not equal” in the interactions between China and Japan. Rather, these two nations have a long history of conflict which is giving rise to growing nationalism in both that is directed toward the other side.

This chapter provides a broad overview of the evolving economic relationship between China and Japan based on their evolving roles in the global and Asian regional economies. It begins by sketching the normal process of economic development and how this produces “power transitions” between leading and rising economies. This general theory is then applied in the next two sections to the current cases of Japan and China respectively, with specific emphasis on how their differing economic development models relations fueled their economic success. Finally, the fourth section then argues that their economic relations in terms of their regional and global roles have created significant strains, despite the success of both in attaining the status of “miracle economies,” but that these strains are much more the result of political rather than economic factors.

The S-Curve of Development: Economic Change and the Impact of Globalization

Economic development is almost universally defined as growing wealth and prosperity as measured, for example, by GDP per capita. It is also commonplace to observe that such growth can only result from substantial and sustained increases in productivity or output per worker in a society. Thus, economic development is often considered to be almost (but not entirely) synonymous with industrialization because only mechanization can set off such a surge in productivity. The nature of industrialization

itself, though, has changed dramatically over the nineteenth and twentieth centuries in terms of what industry was the most advanced or “technological driver”—first textiles, then iron and steel, then automobiles, and most recently high tech and advanced electronics.

Figure 4.1 sketches an overview of how these changes in leading industry constitute an “S-curve” in terms of increases in productivity and GNP—the curve in Figure 4.1 is viewed (at least by economists) as looking like an S. In traditional agricultural economies, productivity increases are of necessity relatively small, but productivity and consequently GNP growth “take off” (Rostow 1960) once industrialization starts. The first big jump is into light industry (e.g., textiles and shoes); heavy industry creates another surge in productivity. It was conventionally assumed that the growth of the tertiary or service economy that succeeds heavy industry in this model would result in decelerating productivity gains and economic growth; and growth in the advanced industrial societies did indeed slow noticeably once they reached a “mature” level of development (Kuznets 1976; Rostow 1960). However, the recent surge in the high tech and information industries has led to the argument that these new technologies have generated a new upswing in productivity and growth (denoted by line #2 in Figure 4.1), which has been labeled the “new economy” (Atkinson et al. 2000; Friedman 1999; Thurow 1999).

The fundamental transformation of the world economy that has been termed “globalization” has had profound implications for how the industrial sequencing depicted in Figure 4.1 has influenced national economies. In essence, globalization refers to the growing economic interdependence (i.e., trade and capital flows and the activities of multinational corporations) across national borders that has marked the late twentieth century. Such interdependence, in turn, is the result of the transportation and communications revolutions of the second half of the century that made it possible to ship goods, funds, and information around the world cheaply and quickly (Gilpin 1987; Greider 1997; Thurow 1992, 1996).

This increasingly interdependent and complex global economy, furthermore, brought a marked shift in the geographic distribution of industry. Through the 1950s, industrialization had been limited to a small number of developed nations, primarily Western Europe, North America, and Japan; and these nations retained the full range of manufacturing industries from textiles and shoes to steel and automobiles. Lester Thurow (1992, 1996) explains this in terms of the factors promoting industrialization. In this model, nations became rich and industrial during the nineteenth and first half of the twentieth centuries by possessing and utilizing some combination of four resources: (1) natural resources (which could be sold or used as industrial inputs), (2) new technologies, (3) investment capital to put the raw materials and new technologies to

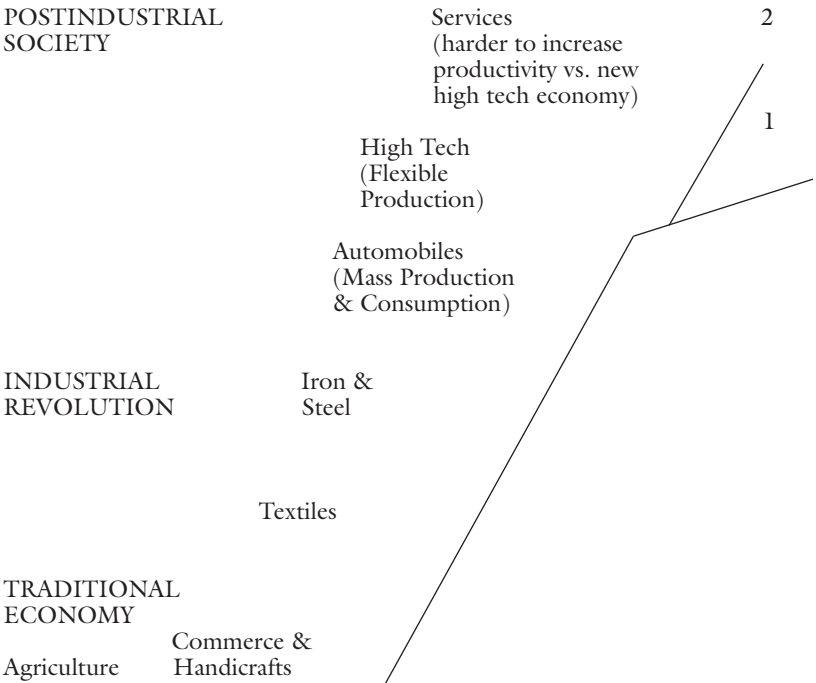


Figure 4.1 Changes in Leading Economic Activity and the "S-Curve" of Productivity and GNP Growth

*Line signifies rate of annual GNP and productivity growth. Line #1 represents conventional theory; line #2 represents the theory of the so-called new economy.

work, and (4) human capital in the form of skilled labor and entrepreneurs. Except for natural resources, moreover, these resources were largely self-reinforcing (i.e., societies with the most advanced technologies, more capital, and a better educated population had a major advantage in reproducing these assets). Consequently, once a nation industrialized, it became very easy to retain its "comparative advantage" in manufacturing and industry.

Globalization, however, undercut all of these advantages except human capital, according to Thurow. Cheap transportation ended the advantage of having natural resources; even most advanced technologies can be "reverse engineered" within a few years; and capital jumps around the world to the latest "hot spot" at the tap of a computer key, allowing almost any nation access to the investment necessary for industrialization.

Beginning in the 1960s and accelerating in the 1980s, therefore, major economic sectors begin to move from the old industrial nations into what came to be called the newly industrializing economies (NIEs), generally following the pattern of Figure 4.1 of first light industries and then heavy industries. To some extent, this represented the ability of NIEs to obtain capital to buy standard technologies, but the key factor was the very low cost of labor in the developing world. The techniques of mass production that had been developed in the industrialized nations meant that only semi-skilled labor was necessary for many industrial operations. Before the revolution in transportation costs, industrial products had to be made and assembled near their ultimate markets, but as transportation costs dropped radically, the semi-skilled work forces in the developing world became a viable option for producers of industrial goods destined for the developed world (Gilpin 1987).

While this abstract model can be used to explain the rise and subsequent deceleration of the series of leading economies (Great Britain, the United States, Japan, and now a “rising China”) over the last two centuries, each new global leader derived its success from a somewhat different economic strategy. The United States, for example, invented and introduced mass production (“Fordism”), creating an organizational revolution that transformed America’s (and later the world’s) economy and society. The tremendous increase in productivity meant that many goods became affordable for broad segments of the population; this, combined with ultimately rising wages, created a middle-class society. Internally, the scale of production multiplied, and corporate entities became huge (“General Motorsism”), taking advantage of economies of scale, the development of professional management, horizontal and vertical integration, and the other advantages of large organizations (Chandler 1977; Gilpin 1987; Piore and Sabel 1984; Reich 1991).

Unfortunately, this system contained the seeds of its own destruction. Large-scale business (and other) organizations tend to atrophy. In particular, the advent of high-tech industries put a new premium on “perpetual innovation,” which was anathema to the large bureaucratic corporations that had dominated the American economy during the era of mass production (Kash 1989; Piore and Sabel 1984; Reich 1991; Thurow 1992, 1996). Japan challenged the United States, thus, not just because wages were considerably lower there but also, and undoubtedly more importantly, because Japanese corporations pioneered the new industrial strategy of “flexible production.” This strategy involves using highly skilled and motivated workers (unlike the deskilled “drone workers” of mass production) to improve quality and flexibility. The focus is on making continuous improvements in production processes (e.g., making parts easier to assemble, reducing inventory) rather than on making dramatic

product innovations. Flexible production requires skilled and autonomous employees, who are generally paid quite highly. Thus it has been heralded as a management revolution that “reinvents” the corporation by transferring power downward and making even production work creative and rewarding (Harrison 1994; Kanter 1995; Piore and Sabel 1984; Thurow 1992; Womack et al. 1990).

The Japanese Development Model: Breaking the Western Mold

Japan is generally viewed as departing markedly from the *laissez-faire* model of capitalism practiced in the United States. From the 1960s through the early 1990s, it had a highly interventionist *and effective* developmental state. Furthermore, its corporate structure was based more on long-term institutional relationships rather than free-market competition. The reflections of a leading economic official (Naohiro Amaya) on the “Japanese miracle” made this point nicely (Prestowitz 1988, 128): “We did the opposite of what American economists said. We violated all the normal concepts.”

While Japan had been an industrial power before World War II, wartime destruction reduced it to a poor country with not much functioning industry but with a potentially educated and very cheap work force. This suggests, according to the dynamics modeled in Figure 4.1, that Japan should have had a comparative advantage in labor-intensive light industry. Indeed, such light industries as textiles played a crucial role in Japan’s postwar industrial recovery and dominated her early exports. However, the Japanese government was not content to let international comparative advantage limit it to what was perceived as a tortoise-like climb up the international product cycle. Rather, it decided to play “leap-frog” with rather spectacular results. As Nester (1991, 79) neatly summarizes:

Japan is [now] the world’s leading producer of steel, machine-tools, and automobiles. By the early 1950s, Tokyo had targeted all three for development as strategic industries, and over the next four decades nurtured them with a range of subsidies, cartels, technology incentives, cheap loans, import barriers, and export incentives. None of these industries would have survived had they been exposed to free-market forces—American and European producers held a comparative advantage in all three industries up through the mid-1960s and would have wiped out their struggling Japanese rivals. However, the success of these industrial policies varied widely, with those targeting steel and automobiles being remarkable successes while those promoting the machine-tool industry had a more

limited effect—machine-tools is one of Japan's few industries whose success depended as much upon entrepreneurship as cartels, government handouts, and import barriers.

One reason for Japan's success clearly has been the assistance that the state has rendered to specific industries and firms in myriad forms of subsidized finance, R&D support, market cartelization, protection against imports, and extremely hard-nosed trade bargaining. The government, moreover, has targeted specific industries and even firms for such support, positioning the nation to move into increasingly sophisticated and higher value-added production, reflecting what Richard Samuels (1994) terms "technonationalism" in an interactive merging of commercial and military development. In particular, Japan's initial import-substitution policies, which were adopted with American approval to revive the economy in the 1950s, have continued, even as the nation has benefited from booming exports over the subsequent three decades. Controls on foreign capital were quite stringent up through the early 1980s (e.g., licensing of technology to Japanese firms was made a condition for doing business there); and, while formal trade barriers were cut, many informal non-tariff barriers (NTBs) remained. Japan, thus, has clearly benefited from a developmental state (Johnson 1982; Okimoto 1989; Prestowitz 1988).

Yet saying that Japan had a government committed to rapid industrialization and to supporting domestic corporations cannot by itself really explain the "economic miracle," since such governmental support is usually expected to undermine business competitiveness, as suggested by a telling comparison with the "free market" United States. When Japan protected and pushed its semiconductor industry in the mid 1970s, it responded by rapidly catching up with and surpassing America's; when the American automobile industry got protection in the form of a VER from Japan in the early 1980s, it paid its executives large bonuses and awaited the major thumping that it received a few years later (Keller 1989; Prestowitz, 1988).

This turns our attention to the private sector of Japan's economy. Japanese management practices are given considerable credit for the strong performance of its enterprises. One important characteristic is the concentration upon the quality of products and the continuous upgrading of "process technology" in a system of "total quality management" (TQM) and "flexible production"—both of which contrast greatly with the western traditional "mass production ethic" of winning markets through low cost, medium quality goods. The ability of Japanese firms to pursue TQM and flexible production (which, ironically, were brought to Japan by the American engineer Edwards Deming during the Occupation), in turn, rests upon a paternalistic management system which built strong bonds of employee loyalty through such practices as lifetime employment (which is

confined to the approximately one-third of the work force in large corporations) and “quality circles,” which involve workers in key production decisions. In addition, because of the strong company-worker ties, Japanese corporations invested far more than American ones in the training that their well-educated workers need to be “flexible” without the fear that they will leave for better jobs (Hofheinz and Calder 1982; Okimoto 1989; Prestowitz 1988).

Japanese firms, furthermore, operate within an economy that is structured quite distinctively; and the nature of its firms and markets, in turn, explains why its business strategies have been so competitive. Japan’s economy is organized around huge conglomerates called *keiretsu* which include firms in major industries (electronics, chemicals, construction, machinery, etc.), a large bank, and one of Japan’s famous foreign trading companies. These companies own stock in each other and give each other preference in doing business. In addition, there are “supply” *keiretsu* in industries involving multiple stages of production, such as electronics and automobiles. Corporations such as Toyota, Sony, and NEC organize huge numbers of suppliers in long-term “relational” contracting. The parent firm diffuses technology and quality-control techniques to its suppliers, creating a reciprocal relationship. The parent is assured of high-quality components, while the assured sales permit the suppliers to invest in retooling and technological upgrading (Gerlach 1992; Harrison 1994; Hofheinz and Calder 1982; Okimoto 1989; Vogel 1979; Womack et al. 1990).

The nature of the *keiretsu* system, in turn, explains several features of firm behavior that contribute to international competitiveness. First, the internal market is extremely competitive. Major corporations with huge resources behind them fight for almost every market segment, keeping the pressure up for continuous improvement in quality and cost—that is, for flexible production rather than mass production. Accordingly, corporate strategy focuses upon market share, rather than short-term profits. Japan’s corporations are able to take a more long-term or strategic perspectives, furthermore, because of the nature of corporate financing. Unlike the equity-based financing in the United States, Japan’s corporate finance is much more debt-based—which is where the *keiretsu* banks come to play a key role. While American executives had to look to how the quarterly “bottom line” would play on the stock markets, *keiretsu* banks formed a “deep pockets” partner for other conglomerate members until the early 1990s. Moreover, capital was significantly cheaper in Japan than in America, providing another incentive for high levels of investment. The fierce domestic competition, moreover, pushed Japan’s

corporations into export markets, where they held an advantage due to their corporate strategies (Gerlach 1992; Hart 1992; Hofheinz and Calder 1982; Okimoto 1989; Prestowitz 1988; Tyson 1992; Zysman 1983).

At least until the late 1980s, this economic system also dovetailed well with the organization of the polity, creating a highly effective *political economy*. Industrial policy was set by consensus between business leaders and permanent “technocrats” in Japan’s leading ministries, such as the Ministry of International Trade and Industry (MITI), Ministry of Post and Communications (MPT), and the Ministry of Finance (MOF). Because these relationships were reciprocal and consensual, the technocrats were able to keep corporate Japan “honest,” while the business community was able to keep government officials from making egregious errors of judgment. Such benign industrial or strategic trade policy was possible, furthermore, because it was generally isolated from the hurly-burly of Japan’s electoral politics (Calder 1988; Johnson 1982; Okimoto 1989; Prestowitz 1988; Samuels 1987).

After 1990, in sharp contrast, Japan’s economy has stagnated for a decade and a half, although low growth of about 2 percent a year resumed in 2003 (Onishi 2006). Ironically, Japan appeared to be a victim of some of the same institutions that, as just described, had created its “economic miracle.” In particular, Japan’s economic dynamism had rested on a combination of rapid export growth and continued import restrictions, which both the benefiting industries and sponsoring ministries were loath to surrender, stimulating huge and continuing trade surpluses. The result was a tremendous accumulation of financial assets that created a “bubble economy” by the late 1980s, which in turn provided inexorable incentives for corporate speculation and asset acquisition. When the bubble burst in 1989–1990, the tremendous loss of assets for the financial system seriously eroded the ability of Japanese companies to continue the high investment rates necessary to stay competitive in leading technology- and capital-intensive industries. Moreover, the financial crisis occurred precisely at the time that the push of the international product cycle outlined in Figure 4.1 above was making a substantial part of the country’s vaunted manufacturing sector increasingly uncompetitive with low-wage overseas industries. Unfortunately, Japan was unable to respond to this threat because both the state (politicians and bureaucrats) and business had developed so many vested interests that they became paralyzed in the face of crisis. Consequently, the nation slipped into political gridlock, a bureaucracy primarily concerned with protecting its power over the economy, and continuing gross corruption in corporate-government relations (Calder 1993; Katz 1998; Woodall 1996).

China Rising: A Distinctive Development Model

Development in the People's Republic of China has followed a pattern that is far more volatile than Japan's. When the Communists took power in 1949, they decided to construct a political economy that might be termed "orthodox Stalinism"—a rapid drive to create a heavy industry base, the transformation of agriculture first by land reform and very soon thereafter by collectivization, a state-operated economy based on command planning, and political control exercised through the CCP (Cheng 1982; Lardy 1978; Prybyla 1981). These new institutions did not operate in a social vacuum. Rather, they helped the regime consolidate its power through the creation of what Andrew Walder (1986: 8) has called "communist neo-traditionalism." That is, the employment structure of China was not merely a market relationship in which work is traded for pay. Rather, industrial firms provided access to housing, insurance, and preferential market sources, in addition to lifetime employment that, until the 1990s, often could even be passed on from one generation to another—the so-called iron rice bowl. The system was also based on patron-client networks that linked the individual into the much broader economic and political systems through their enterprise superiors (Pye 1988). In the countryside, the clientelistic links were even stronger because rural cadres were directly integrated into the extensive networks, often kinship based, that were at the center of village life (Oi 1989).

Initially, therefore, the political economy of the PRC might be considered fairly successful. State socialism concentrated resources for a major industrialization push that extended the "iron rice bowl" to a sizeable number of workers; many peasants evidently benefited from the new agricultural system; the state provided education and highly subsidized basic amenities (e.g., housing and food); and many people were linked into the new Communist economy and polity through clientelistic relationships similar to those that dominated traditional Confucian society. In fact, many Chinese look back to the mid-1950s as the "best of times." Given the growing rigidity and inefficiency in other systems of state socialism, the long-term stability of this system can certainly be doubted. However, it was attacked before it could really begin to ossify by the top CCP leader, Mao Zedong himself, as part of his drive to perpetuate "permanent revolution" and to radicalize Chinese society through the Great Leap Forward and the Cultural Revolution. The tragic result was the near destruction of Chinese society, economic chaos, and a bewildered and alienated population (Cheng 1982; Lardy 1978; Prybyla 1981).

When Deng Xiaoping consolidated power in China in the late 1970s, he was strongly committed to revising the Maoist model radically in order to promote national economic development, which he assumed would

make China stronger and the Communist regime more legitimate. Deng seemingly attempted to revive Communism by presenting a new implicit “social contract” to the Chinese people. Under Deng’s reforms, the Chinese Communist Party (CCP) would retain its monopoly of political power but would make major concessions in other areas. Economic reforms would generate growth and fill rice bowls; the party would allow greater freedom of speech and economic entrepreneurship but not wider participation in political activities (in other words, the party and the citizenry would leave each other alone); the CCP would reform itself to provide much more effective leadership; and the party would promote a rekindled Chinese nationalism—economic success would make China strong and Deng would act to “unify” China once again by incorporating the Chinese *irredenta* of Hong Kong, Macao, and Taiwan into the nation and by repressing the demands of national minorities within China (e.g., Tibetans and Central Asians in Xinjiang).

While political change was limited, far-reaching economic reforms were enacted and helped stimulate strong growth over most of the 1980s. However, their partial nature ultimately created the crisis of the late 1980s. The new pragmatic spirit of the CCP under Deng was strongly reflected in the “experimental” approach taken to these reforms. That is, reforms would be tried in one area or province or gradually expanded—agricultural reform in Sichuan and Anwei, foreign investment in “special economic zones” (SEZs), and marketization in the industrial and urban realm in Guangdong—and only implemented nationwide after they had proved themselves in practice (Chang 1988; Dittmer 1994; Harding 1987; Pearson 1991; Prybyla 1987; Shirk 1993; Solinger 1993; Wu 1994).

Perhaps the most radical reforms occurred in the realm of agriculture, where the “responsibility system” in essence duplicated Taiwan’s land reform of the 1950s by informally creating small-scale privatized agriculture based on long-term leases. In addition, the freeing of the rural economy permitted the “natural” development of rural industries based on local resources and comparative advantage. The results, at least in the short term, were almost spectacular; food production and rural earnings soared. This occurred not just because individuals and families were given greatly enhanced incentives to be productive, but also because the reforms were consistent with the existing social and political structures. In particular, rural CCP cadres were integrated into existing family-based networks in the villages and, moreover, were the only ones with the resources and political connections to take over the emerging rural industries. Thus, while they had to yield their direct power over agricultural production, they gained a profitable outlet that could benefit both themselves and people connected to them by clientelistic ties (Oi 1989).

Other aspects of privatization and marketization had some success as well. These reforms included the solicitation of foreign capital (especially in SEZ's), the privatization of small-scale businesses and services in urban areas, the decentralization of power to provinces and enterprise managers, the much more extensive reforms that were implemented in Guangdong Province, and the "coastal" strategy of targeting eastern China for export industries (Harding 1987; Lardy 1992; Rosen 1992; Shirk 1993; Vogel 1989; Wu 1994).

However, for the most part, attempts to change the urban and industrial economy bore little fruit because they challenged basic political and social interests—in particular, top-level CCP members who favored the strategy of orthodox socialist planning, urban and industrial cadres who did not have the "escape hatches" open to their rural colleagues if they lost direct control over production, and much of the industrial workforce, whose "iron rice bowl" was threatened if the mostly inefficient state enterprises were subjected to market discipline. Thus, the Chinese economy moved toward a "dualistic structure"—on the one hand, basic industry remained planned within a network of "neo-traditional communism" (Walder 1986), while market or at least quasi-market forces predominated in agriculture, small-scale businesses, foreign-invested firms, and a few progressive provinces (Harding 1987; Rosen 1992; Vogel 1989; Wu 1994).

The dualistic economy and the partial nature of the reforms created additional problems that increasingly brought economic problems, such as inflation and growing inequality, that strained the PRC's social and political fabric, ultimately culminating in the tragedy at Tiananmen Square in 1989. Despite the political crackdown, the economic reforms continued; and in several important ways even intensified. What seems to have happened is that the central authorities reached an uneasy truce with provincial leaders in which the latter traded off superficial respect for the center's reactionary political position for large amounts of autonomy in the sphere of economic policy (Cheng 1990; Harding 1987; Lardy 1994; Shirk 1993; Wu 1994, 1995).

Most importantly, Beijing changed its strategy toward foreign investment in the late 1980s in the hope that it could emulate the export booms of the "Little Dragons" like Hong Kong and Taiwan by producing labor-intensive goods for markets in the advanced industrial societies, thus ending its periodic balance of payments crisis. Previously, Beijing had viewed foreign capital as a source of technology to aid in the nation's industrial upgrading; now it relaxed previous regulations that enforced joint ventures and discouraged low-tech investments. The results of this economic reorientation were indeed spectacular. Capital inflows (especially from Hong Kong and Taiwan) jumped, stimulating the skyrocketing rise in exports that produced huge trade surpluses after 2000 (see

Table 4.1). Bilateral trade with the United States and Japan expanded very rapidly as well. Clearly, therefore, China took very strong advantage of the globalizing world economy to transform itself from an inward-looking economy to the “world’s factory” during just the short decade of the 1990s (Moore 2002; United Nations 2005; Zheng 2004).

Light industrial goods from foreign firms led China’s great expansion of trade in the late 1980s and early 1990s. For example, the share of manufactured products in China’s exports jumped from 50 percent in 1985 to over 80 percent in 1993; and the labor-intensive categories of textiles, apparel, toys, footwear, sporting goods, and electronics products jumped from 31 percent to 51 percent of total exports over this period. Finally, the contribution of foreign firms to China’s exports multiplied four-fold in just four years from 5 percent in 1988 to 20 percent in 1992, as they accounted for approximately two-thirds of the growth in the PRC’s exports during the early 1990s (Lardy 1992, 1994; Wu 1994, 1995). The role of foreign firms in China’s export economy continued to expand rapidly during the 1990s, as Table 4.2 shows that they provided nearly half of China’s exports by the end of the decade, again underlining the role of globalization in China’s spectacular growth (United Nations 2005; Zheng 2004).

Table 4.1. Value of Chinese Trade (US\$ billion)

	<i>Total Trade</i>		<i>Trade with Japan</i>		<i>Trade with United States</i>	
	<i>Exports</i>	<i>Imports</i>	<i>Exports</i>	<i>Imports</i>	<i>Exports</i>	<i>Imports</i>
1990	\$62	\$53	\$9	\$8	\$5	\$7
1995	\$149	\$132	\$28	\$29	\$25	\$16
2000	\$249	\$225	\$42	\$42	\$52	\$22
2002	\$326	\$295	\$48	\$53	\$70	\$27
2005	\$762	\$660	\$84	\$100	\$163	\$49

Source: United Nations, 2006.

Table 4.2. Share of Foreign Investment Firms in China’s Exports

1988	5%
1992	20%
1995	32%
1997	41%
2000	48%

Source: Zheng 2004, 5.

China's development model, therefore, clearly deviated considerably from Japan's in several important ways. Both nations pursued export-led growth with spectacular success. Yet, as Table 4.2 indicates, China relied upon foreign firms to spur its exports to a very significant extent, in sharp contrast to Japan's promotion of its *keiretsu* "national champions." More broadly (and ironically, in view of China's socialist regime), China has followed a much different path from the Japanese industrial policy based on collaboration between government and business (Johnson 1982; Okimoto 1989). Rather, China has emphasized market reforms and adjustment even in fields dominated by state corporations, such as shipbuilding, to stimulate export competitiveness since the discarding of the orthodox Communist model of industrialization in the early 1980s (Moore 2002).

China's industrialization and export expansion, furthermore, did more than simply replicate the Japanese model. In fact, China has been able to upgrade its export mix especially rapidly by taking advantage both of the technological diffusion promoted by globalization and of its own numerically large (but proportionately small) pool of highly skilled labor (United Nations 2005; Zheng 2004). Table 4.3, for instance, shows that China's export surge over the past two decades has been accompanied by very substantial changes in the composition of what the PRC can sell abroad. In particular, primary commodities dropped from 38 percent to only 9 percent of total exports between 1987 and 2003, as China came to export almost entirely manufactured goods. Very significant upgrading of industrial products occurred as well, with the explosion of electronics goods from 3 percent to 30 percent of total exports being the most remarkable. Even in fairly low-tech areas like textiles and apparel, China was able to increase its international competitiveness through industrial upgrading by providing higher quality and value-added products (Moore 2002). Of course, the raw figures on export composition exaggerate China's stage of industrial development because many exports represent the assembly of advanced components imported from countries with more sophisticated production. Still, the domestic content of China's exports is increasing as Chinese producers have become able to provide higher quality products (United Nations 2005).

The Global and Regional Roles of China and Japan: Economic Complementarity Undermined by Competing Nationalisms

Both China and Japan represent spectacular success stories of export-led industrialization and growth. *A priori*, this might suggest that they would seriously clash in the hyper-competitive markets created by globalization. However, their economies differ so much in the international product cycle depicted in Figure 4.1 above that, with a few important exceptions

Table 4.3. Product Structure of Exports

	<i>Japan</i>			<i>China</i>		
	1985	1995	2003	1987	1995	2003
Primary Commodities	3%	3%	3%	38%	16%	9%
Labor-intensive Manufactures (e.g., textiles, clothing, shoes)	6%	4%	3%	36%	37%	28%
Low-skill, Technology-intensive Manufactures (e.g., iron & steel, metal products)	15%	10%	9%	4%	9%	7%
Medium-skill, Technology- intensive Manufactures (e.g., machinery)	41%	42%	45%	6%	9%	12%
High-skill, Technology- intensive Manufactures (e.g., pharmaceuticals)	9%	13%	15%	8%	9%	7%
Electronics	24%	28%	23%	3%	12%	30%
Other Manufactures	3%	2%	2%	5%	8%	6%

Source: United Nations, 2005, 66.

noted below, they appear far more complementary than competitive. This does not mean that economic relationships will probably serve as a mechanism to ameliorate the tensions in Sino-Japanese relationships. Instead, the growing nationalism in both countries will almost certainly exacerbate their economic conflicts and mask the mutual benefits that can be derived from many of their economic interactions.

Since China is clearly rapidly following Japan up the ladder of industrialization and the international product cycle, their economies would appear to be fairly competitive, like the relationship between Japan and the United States in the 1970s and especially the 1980s, which produced a substantial amount of trade tensions. In particular, Japanese today might be expected to blame China for the “hollowing out” or de-industrialization of their economy, while Chinese would resent the continuing trade barriers in Japan.

However, the Chinese and Japanese economies are so differentiated that they remain far more complementary than competitive. Table 4.4, for example, describes the competitiveness between China’s exports to the all-important U.S. market and those of the other leading economies in South and Southeast Asia in terms of the percentage of exports that were in the same product categories. At the beginning of China’s export surge in 1990, only 3 percent of her exports overlapped with those of Japan. By 2003, this figure had increased to 22 percent, but this still indicated a fairly sharp differentiation between what China and Japan were

selling to the United States. In sharp contrast, moreover, Table 4.4 shows that China's exports had become fairly similar to and competitive with those of most of the other East and Southeast Asian nations.

This high degree of export differentiation between China and Japan suggests that their economies are fairly complementary at present. This conclusion is also supported by the comparison between China's trade with the United States and with Japan in Table 4.1 above. In 1990, China had fairly low levels of trade with both countries, but that level grew extremely rapidly over the next fifteen years. Yet the pattern of trade growth differed dramatically between these two major markets. China's trade with the United States followed the same pattern as Japan's in the 1970s and 1980s: exports quickly and increasingly outstripped imports, creating an escalating trade surplus that periodically became a contentious trade issue (Morrison 2005). China's growing trade with Japan, however, followed a much different course. During the 1990s, it remained approximately in balance; then, over the last few years, *Japan* developed a significant surplus, although nothing on the scale of China's surplus with the United States. Consequently, one primary source of the normal economic strains between a rising economy and a stagnating world leader does not appear to exist in the Sino-Japanese case.

This turns our attention to the direct economic relationship between China and Japan. As presented in much more detail by Chu-yuan Cheng in Chapter 5, there has been a tremendous increase in the trade and investment flows between these two East Asian powers. The two economies, furthermore, appear to be increasingly complementary and integrated:

Table 4.4. Export Competitiveness* in Trade with the United States between China and Other East and Southeast Asian Nations

	1990	2003
Japan	3%	22%
Singapore	15%	40%
South Korea	25%	41%
Philippines	42%	61%
Malaysia	37%	65%
Indonesia	49%	67%
Taiwan	28%	69%
Thailand	36%	70%

*Value of Chinese exports to the United States in the same product categories as the exports of the other countries as a percentage of total exports to America.

Source: Lin 2006, 9.

Last year [2004], China overtook America to become Japan's largest trading partner. Japan has been China's biggest trading partner in three of the past four years. Trade rows, common in the 1990s as Japanese producers grew afraid of Chinese competition, have virtually disappeared. The two economies are increasingly integrated, with cheap Chinese goods delighting Japanese shoppers and sophisticated Japanese equipment humming away in Chinese factories. (*Economist* 2005, 23)

This economic integration, moreover, indicates the reason for China's differing patterns of trade with the United States and Japan. Japan runs a positive trade balance with China because its corporations export machinery and advanced components for final assembly to their factories in China. Since much of these products are then exported to the United States, what Japan has done in essence is push a substantial portion of its trade surplus with the United States through China.

China and Japan, of course, are the two major economies in the East-Southeast Asian region that might suggest an inevitable competition for regional domination. However, the central characteristics of this regional economy act to mitigate such rivalry. As a result of the export-led development strategies of the East and Southeast Asian nations, the region does not have a hierarchical or center-periphery division of labor between advanced industrial and developing non-industrial nations. Rather, manufacturing has developed throughout the region, creating "trading states" with relatively low partner and commodity concentrations in their trade. Moreover, an extra-regional economy, the United States, plays a leading role in the region's trade as the major export market for most of these countries (Bobrow et al. 1999; Chan 1999). Consequently, these special characteristics of the region dampen the normal push for competition between the leading economies in it.

Another characteristic of the region has mixed implications for Chinese-Japanese rivalry. This is the need for resources. Japan is resource poor, while China stands out for its self-sufficiency in most resources, with the glaring exception of petroleum and energy products (United Nations 2005). Normally, leading industrial economies might be expected to compete for the natural resources of their less-developed regional partners. There is less pressure for this in South and Southeast Asia, both because of China's good endowment of natural resources and food products and because globalization has resulted in worldwide, not just regional, sourcing of these products. However, the energy exception is certainly a major one, as described by James Hsiung in Chapter 8 on the emerging "resource war" between China and Japan over the oil and gas in the East China Sea.

On an objective basis, therefore, the economies of China and Japan appear to be far more complementary and less competitive than would have been expected from their changing global positions. There are certainly points of economic conflict. The “resource war” in the East China Sea is heating up, and China’s success in industrial upgrading could well lead to more economic competition and conflict with Japan in the near future. Still, the economic relationship between China and Japan today seems significantly less conflictual than the superficially similar one between Japan and the United States in the 1980s. This potentially good economic relationship is almost certainly moot in terms of the rising nationalism in both countries and growing diplomatic and military competition between them, however. For example, Chinese products in Japanese stores and Japanese investment in China can easily become the target of nationalistic resentments. Indeed, there now appears to be an emerging competition between China and Japan to conclude “free trade agreements” (FTAs) that are primarily politically driven (Wang 2006). Consequently, the likelihood that economic complementarity between China and Japan can generate what Steve Chan (1996) has called “peace by pieces [of trade]” appears exceedingly small.

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CHAPTER 5

Sino-Japanese Economic Relations: Interdependence and Conflict

Chu-yuan Cheng

Introduction

In the vicissitudes of Sino-Japanese relations, economic factors have played an especially vital role. With a relatively small territory and limited natural resources, Japan has viewed China as the ideal economic base for its ambitious empire building since at least the Meiji Reform period (1868–1912). After its victory in the first Sino-Japanese War (1894–1895), Japan acquired from China an indemnity of 200 million silver taels, which helped bankroll Japan's industrialization. It also took possession of the island of Taiwan, which became Japan's agricultural supplier. Japan's defeat in the second Sino-Japanese War (1937–1945), however, temporarily dislodged its imperialist ambitions. But with American economic aid, Japan soon regained its status as an economic power, reaching its apex in the early 1980s.

In the post-World War II era, China and Japan maintained limited relations based mainly on trade. Diplomatic links between Tokyo and Beijing were not established until 1972; normalization after that led to a decade of relatively harmonious relations. Despite periodic political tensions, economic ties between China and Japan progressed steadily. Since the opening of the Chinese economy to the outside in the early 1980s, trade between these two countries has grown exponentially. From 1990 to 2003, bilateral trade between China and Japan achieved an annual growth of 16 percent, exceeding the overall growth rate of China's external trade. In 1993, Japan became China's largest trading partner and has sustained this status through 2003. Japanese multi-national corporations also flocked to China and invested \$66.6 billion between 1990 and 2004, thus making Japan China's number one foreign investor.

In recent years, however, the relationship has deteriorated. Japan has suffered a decade of economic stagnation and is facing the rapid ascendance of China as an economic power, so Japan's political right wing identifies China as a threat to Japanese dominance and has taken an increasingly antagonistic stance towards China. For example, Japan's Prime Minister Junichiro Koizumi has repeatedly visited the Yasukuni Shrine, in which the war heroes honored include fourteen Class-A war criminals responsible for waging the war of aggression against China and other Asian countries. Koizumi's visits continued throughout his tenure despite strong protests from China and other Asian countries. In addition, the Japanese government-approved history textbooks systematically whitewash Japan's war crimes and wartime atrocities. In addition, territorial disputes over the Diaoyutai/Senkaku Islands and the East China Sea oil fields further strained Sino-Japanese relations and caused a cooling of trade relations as well. Although both governments expressed willingness to make amends, much depends on Japanese government's attitude toward its wartime atrocities and its recognition of China's inevitable ascendancy.

The Rise of Economic Interdependence

Prior to the 1937–1945 Sino-Japanese War, Japan was China's most important trading partner, as geographical proximity and historical and cultural ties gave Japan a competitive edge over Western Europe and the United States in the Chinese market access. Yet for a period after the war and before 1959, Japan's trade with China was negligible, accounting for less than one percent of the Chinese trade total.¹

Sino-Japanese trade began to revive in the mid-1960s and thereafter. Japan's share of Chinese foreign trade expanded steadily, reaching 20 percent during 1970–1973 and 26.7 percent in 1975. Over the same period, China became Japan's second most important export market after the United States.

More than 80 percent of the products imported by China from Japan during the 1964–1979 period was comprised of iron and steel, machinery, equipment, and chemical fertilizers. The import share of steel rose from an average of 20 percent in 1964–1965 to 40–50 percent during 1968–1973. In the 1977–1979 period, China imported \$4.45 billion worth of iron and steel from Japan, accounting for 51 percent of China's total imports from Japan.²

China's exports to Japan traditionally consisted of soybeans, raw silk, and mineral products. Beginning in 1976, crude oil emerged as China's leading export commodity to Japan, with shipments of 8.1 million tons in 1975 and 6.5 million tons in 1976. In February 1978, China signed a long-term trade agreement (1978–1985) with Japan, making oil and coal two major exports. Oil and coal exports over the life of the agreement

were to total \$10 billion. The agreement was never carried out, as China's crude oil output slowed down in 1979–1980.³ However, because the price rose substantially, the value of oil still accounted for 42.4 percent of China's export value to Japan.⁴

Events up to the early 1980s fully displayed the complementarity of the two economies: an exchange of Japan's equipment and technology for China's natural resources. There was a high degree of interdependency between the two economies. Because of this mutual reliance, Japan not only remained China's chief trade partner throughout the 1980s but also accelerated its activities during the following decade. (Table 5.1)

Table 5.1 shows that China's exports to Japan during the 1990–2005 period rose by a factor of 12.4, and imports from Japan rose by a factor of 8.2. Total trade between these two partners went up tenfold, with an annual growth rate of 16.7 percent, exceeding the growth rate of 15 percent for China's overall trade.

Expansion of trade has been accompanied by the rapid growth of Japanese direct investment in China (Table 5.2).

Table 5.1. Sino-Japanese Trade 1990–2005 (US\$ billions)

<i>Year</i>	<i>China's Imports From Japan</i>	<i>China's Exports To Japan</i>	<i>Total Trade</i>	<i>Volume Growth Rate %</i>	<i>Volume Growth Rate %</i>	<i>Volume Growth Rate%</i>
1990	9.01	—	7.59	—	16.60	—
1991	10.22	13.42	10.03	13.21	20.25	21.99
1992	11.69	14.38	13.68	13.64	25.38	25.33
1993	15.58	35.11	23.25	69.94	39.03	53.91
1994	21.58	36.72	26.33	13.19	47.91	22.70
1995	28.47	31.93	29.00	10.20	57.47	19.99
1996	30.89	8.47	29.10	0.63	60.01	4.51
1997	31.84	-7.58	28.99	-14.21	60.53	-10.80
1998	29.66	3.93	28.28	12.67	57.94	8.90
1999	32.41	9.27	33.76	19.30	66.17	14.36
2000	41.65	28.57	41.51	23.93	83.16	26.62
2001	44.94	7.93	42.79	3.10	87.73	5.52
2002	48.43	7.74	53.47	24.93	101.90	16.13
2003	59.42	22.68	74.15	38.68	132.57	31.08
2004	73.80	12.42	94.20	12.70	168.00	12.67
2005	81.62	10.60	102.78	9.10	184.4	9.90

Source: Data in this table are derived from China Statistical Bureau, *China's Economic Statistical Yearbook*, various editions, 1990–2003.

The 2004 and 2005 data are from the Embassy of Japan in China and China's Ministry of Commerce (*People's Daily Online*, March 28, 2006).

Table 5.2. Japan's Direct Investment and Loans to China 1990–2005 (US\$ billions)

<i>Year</i>	<i>Direct Investment</i>	<i>Loans</i>	<i>Total</i>
1990	0.50	2.50	3.00
1991	0.61	1.28	1.89
1992	0.75	2.43	3.18
1993	1.32	—	1.32
1994	2.09	0.97	3.06
1995	3.21	1.90	5.11
1996	3.69	2.40	6.09
1997	4.33	1.94	6.27
1998	3.40	0.04	5.44
1999	2.97	0.09	3.06
2000	2.92	0.15	3.01
2001	4.35	0.16	4.51
2002	4.19	0.17	4.36
2003	5.05	—	5.05
2004	5.43	—	5.43
2005	6.57	—	6.57

Sources: 1990–2003 data are same as Table 5.1; 2004–2005 data from Japan Eternal Trade Organization (JETRO), quoted from *Financial Times* (London), April 4, 2006, p. 4.

Table 5.2 shows that prior to 1993, Japan's direct investment in China was rather moderate, accounting for less than one billion dollars per year. Most of the capital that flowed to China was in the form of government loans. Since 1998, as government loans have begun to dry up, direct investment has surged rapidly. It reached \$1 billion in 1993, \$2 billion in 1994, \$3 billion in 1995, and \$4 billion in 1997. The Asian financial crisis of 1997–1998 disrupted this upward trend until 2001, when direct investment again reached \$4 billion and then reached a new peak in 2003, exceeding \$5 billion, which was about ten times the investment in 1990.

This high level of business activity reflected the strong complementarity between these two economies. First, in terms of human resources, China's 1.3 billion people is about six times Japan's. Moreover, China's adult population (15–64 years old) accounted for 79.15 percent of the total population, which is much higher than Japan's. Today, China's human resources are about 7.3 times greater than Japan's. China not only possesses an unlimited supply of labor, it is also a huge consumer market.

In terms of natural resources, Japan is poor in most industrial resources, including energy, mineral, and agricultural resources. According to an estimate made by Hu Angang, a noted economist at Qinghua

University, China's overall natural resources amounted to three times that of Japan. In the field of technology, however, he suggested, Japan was far superior. Quoting Chinese official estimates but without explaining how the estimates were arrived at, Hu further suggested that Japan's technological resources and capacity for innovation were more than 8 times and 27.5 times that of China, respectively.

With these basic differences, both sides possess distinct comparative advantages. Without non-economic interference, the two economies can operate symbiotically.⁵

The Interference of Non-Economic Factors

Japan's postwar economic expansion reached its peak in 1989 when both stock market and real estate prices advanced to unprecedented levels. But 13 years of deep recession followed the popping of the bubble. From 1986 to 2005, Japan's economy suffered 20 quarters of negative growth.⁶ By contrast, China's economy since the reform in the early 1980s has enjoyed an annual growth rate of nine percent. The booming Chinese economy provided an important outlet for Japanese exports and investment. From 1990–2003, Japan exported \$442 billion worth of goods to China with a trade surplus of \$26 billion. In the same period, Japan's multinational corporations also invested heavily in China. By 2004, the number of Japanese corporations has exceeded 20,000, hired 9.2 million local workers, and made a considerable amount of profit. Without the rapid change of the political atmosphere in Tokyo, the economic ties between the two sides could have been expected to expand in the years to come.

Japan's political situation has undergone fundamental changes since Prime Minister Koizumi assumed power in 2001. Facing a prolonged stagnation of the economy, Koizumi has promoted nationalism as a means of raising the spirit of the people. Koizumi's first step was to visit Tokyo's Yasukuni Shrine which enshrines Japan's war dead, including 14 notorious Class A war criminals responsible for Japan's brutal aggressive war against China and other Asian neighboring countries during World War II. Koizumi's action typified Japan's new assertiveness in response to China's rising economic power.

Supporting Koizumi's action are Japan's right-wing conservatives and a group of new lawmakers with new notions about Japan's role in the world. These lawmakers, mostly in their forties, tend to view China as a rival rather than as a former war victim. Their provocative reopening of old war wounds was something the older generation of Japanese politicians eschewed.⁷

Another provocative action of the Japanese government was the recent approval of high school history textbooks that distort historical

facts, whitewashes aggression, and denies the Nanjing Massacre and other war crimes. The doctored textbook even blames China for instigating a series of incidents leading to Japan's invasion and portrays Japan as the liberator of Asia from European and American imperialism.⁸

The historically inaccurate textbook was recently approved by the Tokyo Education Committee to be used in high schools under its jurisdiction. Japan's Minister of Education Nariaki Nakayama even declared, "It is a good thing to delete erroneous things from textbooks."⁹ From the Chinese viewpoint, a historically inaccurate textbook inevitably will lead the next generation of Japanese to disregard the lessons of the past and regress toward Japan's previous militarism.¹⁰

Adding to the tension are the territorial disputes regarding the Diaoyutai/Senkaku Islands. The island chain consists of only 13 square miles of land consisting of five tiny islands and three rock outcroppings. Located 105 miles northeast of Taipei and 250 miles west of Okinawa, this island chain has been the center of a growing territorial dispute between China and Japan since the 1970s, when a UN survey suggested that oil may exist in the continental shelf of these islands. While no development of oil resources under the islands is being seriously pursued, each party involved is eager to secure its claim of sovereignty.

Historical records of China dating back to the Ming Dynasty (1366–1649) indicate that the islands were included in the Ming and Qing (1649–1911) dynasty maritime defenses. But the Japanese have contended that the islands are *terra nullius*—land that no sovereign state has yet claimed. Around the same time, a Japanese citizen began to invest in occupying the islands. Japan formally claimed the islands in 1895, the same year Japan gained control over Taiwan and other surrounding islands as a result of the first Sino-Japanese War.¹¹

The islands were not returned to China after Japan had renounced its claims over Taiwan and all other islands associated with Taiwan. For several decades, the issue was put on the back burner as the parties involved in the disputes had other, more pressing concerns. In 1996, the issue resurfaced when Tokyo reaffirmed its claim over the island chain. The Japan Youth Association, a right-wing nationalist civil organization, set up a makeshift lighthouse on one of the disputed islands. In retaliation, boatloads of Taiwanese and Hong Kong civilians made their way to the islands to counter the action of the Japanese youth organization. The trend continued until recently when Tokyo announced that the Japanese government would officially take over the islands, creating renewed tension between the two countries.

Geography supports the viewpoint that the islands are a part of Taiwan rather than of Okinawa because they are much closer to Taiwan and are separated from Okinawa by a deep ocean trench. Because Beijing

claims Taiwan as part of Chinese territory, the Japanese action exacerbated the friction between Japan and China.¹²

From Beijing's point of view, the Japanese have engaged in two other provocative actions. First, Japan has been increasingly involved with the Taiwanese separatist movement. When the People's Republic of China and Japan normalized diplomatic relations in 1972, Japan recognized Beijing as the sole government of China and Taiwan as part of China. The Japanese government avoided direct involvement in Taiwanese affairs for more than two decades. But in the past two years, Japan's conservative politicians openly supported Taiwan's independence movement by allowing Taiwan's former President and stout separatist advocate Lee Deng-hui to visit Japan. In February 2005, Japan and the United States signed a new military agreement in Washington, DC. For the first time, Japan joined the U.S. government in identifying security in the Taiwan Straits as a "common strategic objective." Nothing could be more shocking to China's leaders than the revelation that Japan had decisively ended six decades of official pacifism by openly declaring a right to intervene in the Taiwan Straits.¹³ Japan's military contention with China was further crystallized in its new security plan, which was mapped out by the country's Ground Self-Defense Force (GSDF) in September 2005. The new strategies were based on two hypothetical scenarios in which China would attack Japan. In the first scenario, if tension between Beijing and Tokyo were to rise over natural resources near the Diaoyutai/Senkaku Islands in the East China Sea, China might dispatch troops to the islands to defend its interests. In the second, if Taipei declares independence, China might attack Japan to thwart U.S. forces positioned in Japan, which could be poised to intervene. In both cases, Japan would dispatch core troops to wipe out the Chinese forces. In essence, the concept enshrined in the plan is an attempt by the Japanese government to legalize their claims of sovereignty over the Diaoyutai/Senkaku Islands and territory in the East China Sea and their intention to intervene in the settlement of the Taiwan issue.

All of these new developments constitute an increasing challenge to Beijing and cast a shadow over future Sino-Japanese relations, with deleterious spillover effects on economic relations.¹⁴

Conflicts on the Economic Front

While historical issues may not trigger an immediate crisis, the confrontation over oil resources near the Diaoyutai/Senkaku Islands in the East China Sea, if not settled by negotiation, may lead to military conflict and completely disrupt the economic relationship.

As mentioned above, the pressing problem confronting the two countries is the tussle over the territorial dispute about the gas fields lying

in the East China Sea that separate China's eastern coast and Japan's Okinawa. At the heart of the dispute are different legal interpretations of each nation's exclusive economic zones. The United Nations Convention on the Law of the Sea gives each coastal nation an economic control zone extending 200 nautical miles or 230 standard miles from shorelines.¹⁵

But the distance between Okinawa and China is less than 400 miles. Japan advocated a median line between the two countries. China, on the other hand, advocated using as its economic border the eastward extension of the continental shelf. The latter approach set the economic border to an area 50 miles west of the Okinawa archipelago. Chinese officials contend that the central line is only a Japanese proposal and is not a mutually agreed border resulting from negotiations between the two countries. It is not fair for Japan to use this borderline for determining which side is right or wrong.¹⁶ Countering the Japanese "middle line" proposal, the Chinese government insisted that the seabed topographical and geomorphic structure of the East China Sea determine that the boundary line delimiting the exclusive economic zones between China and Japan should follow the principle of the "natural prolongation of the continental shelf." To safeguard relations between the two countries, China has refrained from carrying out resource-tapping activities in the disputed area. Three years ago, the Chinese National Oil Company began to tap oil and gas on a trial basis and set up four oil-gas fields: Chun Xiao, Duan Qiao, Leng Quan and Tian Wai Tian which are near (though short of) what Japan claims to be the "middle line" between the two countries.¹⁷

As a counter measure, in July 2005, the Japanese government suddenly granted test-drilling rights to the Japanese Teikaku Oil Company to probe for gas in the area. Teikaku is Japan's oldest petroleum energy resources development firm, founded in 1914, and was Japan's energy lifeline during World War II. It was reconstituted as a nongovernmental enterprise in 1950. As early as the 1970s, the firm applied for oil-gas exploitation privileges on the Japanese side of the Japanese-designated "middle line." But the application was not approved until July 2005. Beijing regarded this new Japanese action as another provocation and challenge to China's rising power.¹⁸

Another Sino-Japanese energy sore spot is a pipeline to be built from Russia's untapped East Siberia oil fields. In May 2004, Beijing signed a deal with the Russian oil company Yukos; this gave China partial control of the pipeline and secured it as the sole buyer of the oil. Shortly thereafter, Prime Minister Koizumi convinced Russian President Vladimir Putin of the benefits of directing the pipeline to Japan, and the Russian government, in a move widely considered politically motivated, presented Yukos with a bill for unpaid taxes that had the indirect effect of nullifying the pipeline deal with China and pushing the company toward bankruptcy. In the new

environment, Japan sweetened its offer and won the pipeline deal. However, under the new terms, Japan had no control over the pipeline's management, and other countries were in a position to purchase the oil.¹⁹

After Beijing's effort to win back Russia's favor, on July 8, 2005, Putin announced that Russia was reverting to the prior deal and would offer the oil to China, not Japan once the oil pipeline between Scheria and the port at the Far East was operational. Putin made it clear that Russia would not begin to build the pipeline carrying oil to Japan until the pipeline to China was built. The 2,500 mile line from the east of Scheria across the China-Russian border to the Pacific port of Nakhodka, expected to be complete in 2008, will supply some 20 million tons of oil to China annually and some 10 million tons via railway to Japan. Japan has employed every means available to it in the competition for the prior oil supply privilege that the pipeline can provide. Just before the 2005 G8 Summit, Japan offered to increase its investment in the project to 9 billion dollars from 7 billion. The attempt apparently did not succeed.²⁰

Amid the competition over natural resource acquisition, the Japanese government adopted another, more hostile, action by abruptly suspending its Official Development Assistance (ODA) program to China. The ODA program started in 1979 and was considered as reparations for the atrocities committed by Japan in World War II. The ODA was established when China was a major oil exporter to Japan. Japan used this program to establish a foothold for its companies in China, as well as to help reduce its dependency on the Middle East for energy. As China's rising economic power challenged Japan's dominance in Asia, Tokyo decided to end this program. On December 26, 2004, Japanese Foreign Minister Nobutaka Machimura told the Japanese parliament, "I think it is only appropriate for China to graduate from ODA in the near future."²¹ The term "graduate" was considered an insult to China, for the program was in essence reparations by another name, not foreign aid.

Japan's provocative acts incited widespread anti-Japanese sentiment across China. In April 2005, full-scale anti-Japanese demonstrations broke out in thirty major cities in China. These demonstrations by tens of thousands of people involved angry crowds that smashed the windows of Japanese business and diplomatic quarters and called for a nationwide boycott of Japanese goods. As tensions mounted, Beijing authorities openly appealed to the masses to calm down and banned acts of vandalism toward Japanese interests.²² Although the wave of demonstrations soon cooled off, the proliferation of anti-Japanese sentiments in China has had a chilling effect on the economic relations between the two countries.

The first sign is the decline in trade. China's foreign trade grew 21.8 percent in 2002, 37.5 percent in 2003 and 35.7 percent in 2004, while trade with Japan increased only 16.2 percent, 31.1 percent, and 25.7 percent,

respectively, in these three years. The share of trade with Japan in China's total foreign trade fell from 23.6 percent in 1985 to 16.4 percent in 2002 and 14.5 percent in 2004. By 2004, Japan's long-term status as the number one trading partner of China had been replaced by the European Union, followed by the United States. Also in 2004, when foreign direct investment in China rose 13.32 percent, Japanese direct investment in China grew only 7.87 percent; this was even surpassed by South Korea.²³

In the wake of the spring demonstrations, the Japanese government has repeatedly warned the business circles to diversify their investment from China to elsewhere, such as Southeast Asia and India. In the 2005 White Paper issued by the Ministry of Economy, Trade and Industry (METI), the Japanese government pinpointed the weaknesses of the Chinese economy: "the underdeveloped, opaque legal system; the poor enforcement of intellectual property rights; the shortage of qualified local managerial staff; and the power outages, etc." The Trade Ministry highlighted India as a country with a promising investment climate and the possibility of becoming an enormous growing market for export: The White Paper strongly advocated that Japanese companies build "an optimal network in East Asia and develop strategies for mitigating the over-concentration of risk with an eye to ASEAN [Association of Southeast Asian Nations]."²⁴ Influenced by the government's warning, the percentage of Japanese companies planning to expand operations in China dropped sharply from 86 percent in December 2004 to just under 55 percent in late May 2005. Most big companies began to pursue a "China-plus-one policy," i.e., not only investing in China but also one other place in Asia as well, particularly India. Mixing business with geopolitics, Koizumi visited India in late April. In 2005, Japanese exports to China went up only 10.6 percent, the lowest in several years.²⁵

However, Japan's investment in China, instead of cooling down, rose by 19.8 percent in 2005, reaching a new record of \$6.57 billion. The surprising rise signals a long-term strategy of many Japanese enterprises. The major factor that bolstered growth was a boom in large-scale investment by large Japanese automakers along with automobile parts producers. They have moved to set up manufacturing bases in China, utilizing China's low labor costs and its expanding markets.²⁶

In late 2005 and early 2006, relations between Tokyo and Beijing faced a series of new political flare-ups. Disregarding strong Chinese and Korean protests, Prime Minister Koizumi repeated his visit to the Yasukuni Shrine in Tokyo. In April 2006, Japan's Foreign Minister Taro Aso openly criticized China, questioning Beijing's rising military spending and contending that China was becoming a military threat to its Asian neighbors.²⁷ Japan also blamed China for its own failure to become a permanent member of the United Nations Security Council. In response,

China's President Hu Jintao refused to hold a meeting with the Japanese Prime Minister when both attended the G8 summit in July 2006.

The bilateral relationship worsened further when Koizumi visited the shrine for the sixth time on August 15, 2006, the anniversary of the end of Sino-Japanese War. His audacity triggered a new wave of anti-Japanese activities in China, South Korea, and many other Asian countries. The rising antagonism has inevitably hindered private investment in China. Recent statistics reveal that there is a shift of investment from China to other members of the Gold Bricks. Japanese investment in the first six months of 2006 increased by a factor of 5.8 in Brazil, 1.6 in India, and 56 percent in Russia, but decreased 17 percent in China.²⁸ Whether the shift represents a new trend or merely a short-run adjustment remains to be seen.

Sino-Japanese Economic Relations at a Crossroad

After half a century of relatively smooth reconciliation, the relationship between China and Japan has become clouded by rising mutual hostility on matters of history and politics. In this new environment, economic ties between these two countries have also reached a crossroad.

The crux of the deteriorating relations is the Japanese reaction toward China's rising power. Since the first Sino-Japanese War, Japan has emerged as the leading military and economic power in Asia. Even after its defeat in 1945, Japan soon resumed its powerful status. Now facing the rapid ascendancy of China, many Japanese fear that its overlord position may soon be lost to China. With the rising power of the right wing, Japanese politicians have become more assertive abroad than ever before. The repeated visits to the Yasukuni Shrine by top Japanese officials and the rewriting of the history textbooks are part of Japan's overall scheme to obliterate past war atrocities from memory and to glorify Japanese militarism. Such behavior only revives bitter memories and hostilities toward Japan from its past victim nations.

According to a survey by *Mainichi Shimbun*, one of Tokyo's leading newspapers, only 31 percent of the Japanese now feel somewhat friendly toward China, while 68 percent do not. Negative sentiments toward China were particularly strong among the younger generation, accounting for more than 70 percent in the 20–49 age group.

At the same time, a joint opinion poll conducted by *China Daily*, Beijing University, and a Japanese think tank Genron NPO, in August 2005, found that 54.7 percent of Chinese see current bilateral ties at a very low point. However, 65 percent of Chinese respondents and more than 44 percent of Japanese respondents to the poll believed that economic ties between China and Japan are still on track and will benefit both sides.²⁹

From purely economic considerations, peaceful coexistence and cooperation will benefit both sides. In mid-May, 2005, to calm down the tension caused by the large-scale anti-Japanese demonstration, Chinese Vice-Premier Wu Yi visited Nagoya and stressed the significance of Sino-Japanese economic relations. Wu called for a bilateral free trade agreement for long-term and active ties to be set up and put forward a six-point proposal: first, speeding up the building of the Sino-Japanese free trade agreement; second, actively pushing energy cooperation in the spirit of equality and mutual benefits; third, strengthening dialogue on strategies in various sectors, including steel, shipbuilding, information technology, and software; fourth, cementing technological cooperation that features more technological transfer from Japan through joint research and development; fifth, expediting Japan's investment in backward areas in China; and sixth, expanding cooperation of medium-sized and small enterprises.³⁰ Wu's proposal represented China's attitude toward continuous Sino-Japanese economic relations. The ball is now in the court of the Japanese government.

In spite of recent frictions, for the foreseeable future the Japanese dependence on the Chinese market will be greater than China's dependence on the Japanese market. Japan's long-term economic outlook is overshadowed by a rapidly aging population and a shrinking labor force. One-quarter of the Japanese population is over 60 today. By 2040, Japan's older population will double, thus making Japan one of the countries with the highest concentration of aged people in the world. The problem is exacerbated by a deteriorating rate of labor productivity growth. As a consequence, Japan's economic growth is expected to decline continuously. According to a study by the Organization for Economic Cooperation and Development (OECD), Japan's potential medium-term growth rate will be only 1.3 percent, lowest of any industrialized country.³¹

By contrast, China's economic growth rate will continue at an annual rate of six to eight percent in the forthcoming three to four decades. A new forecast by Goldman Sachs indicates that by 2050, the Japanese economy will not be much larger than it is today, but China's economy is expected to be 30 times as large as now, or 6 times the size of Japan's. The forecast predicts that by 2050 China would have the largest economy in the world, followed by the United States and India.³²

Japanese domestic politics is also at a crossroad. Unless Koizumi's successor after September 2006 desists from his strategy of using visits to Yasukuni to stir up Japanese nationalism, the existing tension with neighboring Asian countries will only escalate in the foreseeable future.

If the new Japanese leader is reconciled to the inevitability of a rising China and adheres to the late Emperor Hirohito's policy of eschewing

pilgrimage to Yasukuni after the addition of tablets for the 14 World War II war criminals,³³ Sino-Japanese economic relations may once again become symbiotic and an engine for Japan's long-term growth.

The next Japanese leader has a crucial decision to make: to chart a course of mutually beneficial cooperation or to pour salt on old wounds and engender a new era of hostile confrontation.

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CHAPTER 6

Japan's Military Modernization: The Chinese Perspective

Dennis Hickey and Lilly Kelan Lu

In 2005 the Japanese government reacted with surprise and bewilderment to news stories depicting angry Chinese mobs attacking Japanese-owned firms and businesses. Tokyo also appeared perplexed and confused by Beijing's tepid response to the disturbances. These events were symptomatic of the fact that, despite an explosion in economic ties, relations between the People's Republic of China (PRC) and Japan are at their worst in decades.

When seeking to explain the downturn in Sino-Japanese relations, some Western news reports suggest that the Chinese government is seeking to manipulate the population and use nationalism (and an external enemy) to deflect attention from the shortcomings of the Chinese Communist Party (CCP) and shore up support for the regime. Others dismiss the growing anti-Japanese sentiment as little more than sporadic symptoms of Chinese irrationality and xenophobia. Upon close examination, however, many of the problems between the two Asian giants may be traced largely to the militarist past of Japan and Chinese fears that Japan, with America's blessing, is rearming in preparation for playing a bigger role on the world stage.

This chapter examines the roots of China's animosity toward Japan. It shows how Tokyo's imperialist past continues to get in the way of its relations with China and why decision-makers in Beijing view Japanese rearmament with alarm. In conclusion, the authors outline several steps Tokyo might wish to consider if it hopes to improve ties with China and other countries in the Western Pacific.

Evolution of Japanese Defense Policy

In the late nineteenth century, Japan collaborated with imperialist powers seeking to bully, dismember, and humiliate China. But Tokyo took matters a step further when it launched a full-fledged war of aggression

against China in the Sino-Japanese War of 1895. After China's defeat, the island province of Taiwan was formally incorporated into the Empire of Japan, and Tokyo gained additional "special privileges" on the mainland. Arguably no other foreign power crippled China as much as Japan during the country's so-called "century of humiliation." Rather than help its East Asian neighbor, Japan actively conspired with the European powers to destroy it.

Tokyo was not satisfied with the territory it seized in 1895. In 1931, Japanese troops occupied Manchuria. On July 7, 1937, Japan launched another war on China that eventually helped ignite a global conflict that lasted until 1945. By conquering other countries and subjugating their populations, Tokyo claimed that it was seeking to establish a "Greater East Asian Co-Prosperity Sphere." At its height, the Japanese Empire stretched from remote island outposts deep in the Pacific Ocean all the way to Burma.

Japanese rule was brutal. Thousands of civilians and Allied prisoners of war were murdered or subjected to various forms of torture and cruel medical and chemical experiments, or both. According to conservative estimates, approximately 13.5 million Chinese perished in the conflict (other reports put the number as high as 23 million).

Following Japan's defeat in World War II, the country appeared to renounce war as an instrument of national policy in its 1947 constitution. According to Article 9 of the document, an instrument drafted by American occupation officials, "the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes." The constitution also declares that "land, sea, and air forces, as well as other war potential will *never* be maintained [emphasis added]." In short, Article 9 of the Constitution sets forth the renunciation of war, non-possession of war potential, and a denial of the right to collective defense and belligerence by the state.¹

During the immediate postwar period, the Japanese government argued that it could not even defend itself against an external attack. Cold war considerations, however, led the United States to encourage the rearmament of Japan's "Self Defense Force" (SDF).² Japan gradually began to take steps to revise its defense policy and military doctrine.

Since 1951, a mutual security treaty with the United States has shielded Japan from potential aggressors (a revised treaty was signed in 1960). The awesome military strength of the United States and its "nuclear umbrella" helped deter the Soviet Union during the cold war. Despite the defense pact, however, Tokyo has steadily put more muscle into its armed forces.

In 1976, Japan adopted a National Defense Program Outline (NDPO) that provided for the establishment of a "standard defense force" with an

ability to “cope effectively with situations up to the point of limited and small scale aggression.” On November 28, 1995, Tokyo embraced a new NDPO that called on the SDF to cooperate with the United States “in areas surrounding Japan” and stated that the military could contribute to “international peacekeeping operations and international disaster relief activities.” The NDPO defined disasters as including “acts of terrorism and *other situations*” (emphasis added). The document also called on Japanese defense planners to take into account the “changes in the military posture of some of Japan’s neighboring countries” when determining its military deployments and required force levels. Consequently, troops were transferred from northern Japan to the southwestern regions of the country.

Following the adoption of the 1995 NDPO, Tokyo renegotiated its existing security guidelines with its chief alliance partner, the United States. The new guidelines represented yet another step toward ensuring that Japan would play a larger role in regional security affairs. After more than a year of study and negotiation, the new United States–Japan defense guidelines were issued on September 24, 1997. Under the terms of the new security pact, Japanese military forces would play a much larger role in assisting U.S. military forces during a conflict. For example, naval vessels could participate in blockades, engage in minesweeping activities in international waters, rescue American pilots downed at sea, and supply U.S. naval vessels with food and fuel. Perhaps most significant, however, the two countries pledged that they would cooperate in these and other ways when confronted with “situations that may emerge in areas surrounding Japan.” Most agreed that this phrase referred to the Korean peninsula. But some Japanese officials also conceded that the new guidelines would “naturally cover” a conflict in the Taiwan Strait.³

In 2004, under the leadership of Prime Minister Junichiro Koizumi, Japan adopted its present NDPO. The new NDPO upgrades the SDF’s stated goal of “keeping international peace” from a “secondary duty” to a “basic duty” of the Japanese armed forces. The 2004 NDPO also calls for streamlining the SDF to handle the new threats of missile strikes and terrorist attacks and the development of “multi-function, flexible defense capabilities.” As Yoshinori Ono, chief of Japan’s Defense Agency (Defense Ministry), explained, “from now on, we shall place more importance on our ability to effectively deal with threats instead of maintaining a policy of deterrence, as in the past.”⁴ The new NDPO also confirms that Tokyo will cooperate with Washington in the development of a joint ballistic missile defense (BMD) and calls on the SDF to “watch” military developments in China. In private, Japanese defense planners admit that missile defense is being developed with *both* North Korea and China in mind.⁵

In some respects, the 2004 NDPO appears only to ratify changes in military doctrine already initiated by the Koizumi government. For example, the Japanese Diet passed a special law enabling Tokyo to deploy air and naval forces to the Indian Ocean in 2001 and approved another piece of legislation permitting the dispatch of Japanese non-combat troops to Iraq in 2003 (the troops were ordered home in June 2006).

The discussion above outlines only some of the recent changes in Japanese defense policy and doctrine. A more complete discussion would include other developments as well. For example, the SDF is taking steps to improve joint training and operations among the three branches of the services. In 2006, naval, air, and ground forces were placed under a single command for the first time since World War II, and the Defense Agency was elevated to the rank of Defense Ministry. Moreover, Japan is now launching its own spy satellites, developing aerial refueling capabilities and planning to “embark on its own revolution in military affairs.”⁶ Recent transformations in United States–Japan defense cooperation also merit brief mention. Thousands of American marines will be removed from Okinawa, while troops stationed near Tokyo will be moved southwest, and a Nimitz-class nuclear powered air craft carrier will be stationed in Japan for the first time in 2008. Both governments have reiterated their commitment to peace and stability in the Taiwan Strait.

Looking to the future, there is talk in Japan’s Diet about revising the constitution and scrapping Article 9. This step, when combined with the changes described above, would help Japan achieve the goal of becoming a “normal country.” However, considerable differences exist among both the Japanese population and its neighbors as to what this term means when applied to Japan.⁷

Japan’s Military Buildup

During the cold war, analysts often described the U.S. armed forces as a “sword” in the western pacific and Japanese military as a “shield.” By the close of the twentieth century, however, the SDF had also metamorphosed into a sword. In fact, it had more tanks and warships than Great Britain. As outlined below, Tokyo continues to bolster the military capabilities of its Ground Self-Defense Forces (GSDF), Maritime Self-Defense Forces (MSDF) and Air Self-Defense Forces (ASDF) to meet the needs of its revised defense doctrine and policy and now possesses a robust military.

The Ground Self-Defense Forces

Tsutomu Mori, Chief of Staff in the Ground Staff Office, has described the role of GSDF as “that of goalkeeper in soccer terms. Without this, all is lost.”⁸ The GSDF has long served as the “last fortress” for national

defense. The major roles of the GSDF expanded steadily during the cold war, and they continue to expand in the post-9/11 era. According to the 1995 NDPO, the role of the GSDF consisted largely of defending against ground aggression, providing relief for large-scale disasters and safeguarding the territory within and around Japan. The 2004 NDPO, however, calls for the GSDF to play a much more assertive role, including taking an active part in overseas deployments and dealing with new threats. These security challenges include terrorism, various threats emanating from North Korea and the modernization of China's military.

In order to realize the goal of developing "multi-functional, flexible and effective defense forces," the GSDF is undergoing a series of structural reforms.⁹ In fact, among the three SDF services, the GSDF will experience the most extensive reorganization in its force structure. Basically, there are three GSDF branches, including the regionally deployed units, the mobile operation units and the Surface-to-Air Missile units.

The most significant change in the GSDF's structural reform is the formation of a new Central Readiness Force (CRF), which aims to enhance the military's ability to provide forces during emergencies caused by guerrilla raids or special forces attacks and to command advance parties in international peace cooperation activities. Serving as a headquarters, the CRF oversees new organizations such as a Rapid Reaction Regiment and an International Peace Cooperation Activity Training Unit, in addition to the existing mobile operation units and various specialized units (the Special Operation Group and the Nuclear Biological and Chemical Weapons Protection Unit).

In addition to restructuring units, the GSDF is making adjustments in weapons systems. The ground forces are losing some tanks and heavy artillery assets. At the same time, however, the GSDF is enhancing its ability to engage in urban combat and anti-terrorism activities.¹⁰ More light arms are being added to the GSDF's arsenal to improve its efficiency and flexibility. Moreover, the GSDF is moving its focus from the northern part of Japan to the southwestern part, which points towards China and North Korea.¹¹

Finally, the GSDF is becoming relatively smaller in size. But the quality of GSDF personnel is improving dramatically through modern military training and special training in the U.S. bases.¹² At present, GSDF has roughly 148,200 active duty personnel and over 40,000 reserves.¹³ At these levels, GSDF personnel constitute approximately 65.5 percent of all SDF troops.¹⁴ Future plans call for additional downsizing.

The Maritime Defense Forces

The MSDF is considered Japan's first line of defense. It is responsible for the defense of coastal waters, ports, bays, major straits, and vital sea-lanes

located in deep waters.¹⁵ The main features of the MSDF include “its quickness and mobility in the use of the sea, its flexibility in smooth responses to changing situations, its multi-purpose in its response to various tasks and its ability to conduct good exchanges with other nations on the sea.”¹⁶ In order to accomplish these tasks, the MSDF’s inventory of ships and vessels includes modern destroyers, submarines, minesweepers, and land-based patrol aircraft unit.¹⁷ According to the *2005 Japan Defense White Paper*, the roles of MSDF have been expanded to ensuring timely and effective responses to new threats, diverse contingencies, and international peace cooperation activities.

To further strengthen the MSDF and its ability to conduct missions overseas, the MSDF is undergoing a series of reforms.¹⁸ For example, the MSDF is reorganizing its current force structure of four escort flotillas, each comprising eight destroyers, into a more flexible structure of eight escort divisions, each comprising four destroyers.¹⁹ According to the *2005 Japan Defense White Paper*, this reform is intended to set up “the effective tasking and formation of units as well as accelerated command flow through reducing the layers of commands for operations, for example by simplifying the command structure.”²⁰

The equipment of the MSDF is transitioning from that required solely for defense to that needed for strategic offense. Ships are being equipped with sophisticated technology. Indeed, Japan’s four Aegis-class destroyers—the *Kirishima*, the *Kongo*, the *Myoko*, and the *Chokai*—are among the most advanced warships in the world, and its 99 P-3C anti-submarine patrol helicopters enjoy a very robust combat ability. Moreover, the size of the ships in the MSDF inventory is growing steadily, while more of them are being armed with modern and highly lethal missiles.²¹ For example, the 13,500 ton *Mashu*, a supply vessel deployed in November 2004, is almost twice the size of its predecessors. The MSDF plans to deploy more Aegis-class destroyers and be equipped with air-refueling helicopters, surveillance satellites, and anti-missile systems.²²

On a final note, it is significant that recent deployments of MSDF forces in the Indian Ocean and elsewhere have provided the Japanese navy with invaluable experience and training. Numerous ships in the MSDF’s inventory—ranging from supply ships to Aegis-equipped destroyers—have participated in the operations. In fact, according to one study, “between 2001 and mid-2005, forty seven MSDF ships have participated in thirteen rotations on station. By October 2005 MSDF supply ships had supplied 552 ships in the multinational force, dispensing fuel worth 155 hundred million yen.”²³ These deployments have provided the MSDF with “the practical experience of multilateral operations in theater, with all the trials of inter-operability, communications difficulties, differing rules of engagement, and differences in organizational culture.”²⁴

Air Self-Defense Forces

The ASDF has been described as Japan's "key to defense." It plays a critical role in dealing with violations of territorial airspace or sudden air attacks—operations that cannot be handled by other branches of the armed services. The ASDF emphasizes that it adheres to the policy of "preparedness" or being "ready anytime" to deal with security threats efficiently.²⁵ In order to meet this goal, the ASDF is improving its aircraft and missile capability, providing air reconnaissance and air support for MSDF and GSDF, and maintaining airborne and stationary early warning units.

Like other branches in the SDF, the structure of the ASDF is changing from its cold war-era defense concept, which focused on anti-aircraft combat warfare, to power projection and offensive operations. The ASDF is obtaining new fighters, and according to some studies it now possesses the world's fourth most powerful air force, after the United States, Great Britain, and France.²⁶ In fact, the ASDF's inventory of modern warplanes is most impressive:

Japan has purchased more than 200 high-technology F-15J fighters and some 30 F-2 fighters (similar to U.S. F-16 Falcons). Significantly, Japan also owns four Airborne Warning and Control System (AWACS) airborne command and control aircraft and the 80 P-3 Orion patrol aircraft armed with anti-ship and antisubmarine weapons. The JASDF is also purchasing four Boeing 747 tanker aircraft to give the air defense forces an air refueling capability (the first tanker is slated for delivery in 2006). Already, Japanese F-15s flying from dispersed bases can project power over the Taiwan Strait, the Korean Peninsula, and regional sea-lanes a great distance from the home islands.²⁷

Like the MSDF, the ASDF has received valuable experience operating outside Japan in recent years. For example, UH-1 helicopters conducted relief activities in Pakistan when that country was struck by an earthquake in October 2005. Much more significant, however, are recent deployments in the Middle East. In the Iraqi war, the JASDF airlifted goods and troops between Kuwait and southern Iraq. After withdrawing the GSDF from Iraq, Japan plans to expand these airlift missions to Baghdad and Balad.²⁸ American troops may also be transported by the ASDF.

Summary

Tokyo's rearmament program worries a significant portion of the Japanese population. After all, as Zhou Enlai once observed, the Japanese people also were victims of Japanese militarism. The defense buildup is truly a significant development in East Asia and it takes many forms:

Since 1992, [Japan] has enacted 21 major pieces of security-related legislation, 9 in 2004 alone. These began with the International Peace Cooperation Law of 1992, which for the first time authorized Japan to send troops to participate in UN peacekeeping operations. Remilitarization has since taken many forms, including expanding military budgets, legitimizing the sending of military forces abroad, a commitment to join the American missile defense (Star Wars) program . . . and a growing acceptance of military solutions to international problems.

Not surprisingly, Japan's neighbors—including China, the Koreans, and even Australia and Russia—have voiced concerns about these trends.

Other Developments

To be sure, profound changes are underway in the armed forces of Japan. Tokyo's military modernization and sweeping changes in defense policy stretch the limits of the Japanese constitution and contribute to neighbors' concerns about the country's long-term intentions. But Japan's defense transformation represents only part of the equation. As described below, other issues are also contributing to a downward spiral in Tokyo's relations with Beijing.

The Yasukuni Shrine Visits

Ever since his election as prime minister in 2001, Junichiro Koizumi has insisted upon making annual pilgrimages to Tokyo's Yusukuni shrine, a sprawling complex that enshrines the 2.5 million troops that fell in Japan's modern wars and 14 Class A war criminals. Political analysts speculate that the visits are calculated to bolster support for Koizumi and his party, the Liberal Democratic Party (LDP), among veterans associations and various right wing groups. But they also infuriate Japan's neighbors. As Kent Calder, director of East Asian Studies at Johns Hopkins University, has observed, "the Yasukuni issue is undermining the efficacy of Japanese diplomacy in the region."²⁹

The Yasukuni Shrine is much more than a war memorial. In addition to honoring the criminals and militarists responsible for launching Japan's various wars of aggression, the institution propagates a perverted view of history. The shrine's museum contains exhibits denying reports of atrocities committed in China and blames the outbreak of World War II on the United States. The conflict is described as "the Great East-Asia War," and Japan's imperialist past is praised as a contribution to regional economic development and modernization. As Thomas Schieffer, U.S. ambassador to Japan, observed, the war museum is "very disturbing . . . if you viewed

those exhibits or read those explanations, I think any American would be uncomfortable.”³⁰

The Textbook Issue

Japan's Ministry of Education has authorized the use of controversial textbooks in the country's public schools. These volumes gloss over or ignore the country's imperialist past and wartime atrocities. For instance, they play down the issue of the so-called wartime Comfort Women (Asian women forced by the Japanese military to work as sex slaves), as well as the issue of Asian prisoners brought to Japan to be forced laborers. The books also avoid mentioning any figures about the Nanjing massacre in which 100,000 to 300,000 Chinese were killed by Japanese troops. Rather, the textbooks seek to reinforce the so-called Japan as historical victim interpretation of Japanese history. Indeed, it was the adoption of an especially biased book that touched off China's violent anti-Japanese demonstrations and riots in 2005.³¹

The Taiwan Issue

Tokyo no longer lays claim to Taiwan. In keeping with wartime agreements, Taiwan was returned to China after World War II, and forces loyal to Chiang Kai-shek's Kuomintang (KMT) government oversaw the Japanese surrender on the island in 1945. However, the current regime in Beijing has never exercised jurisdiction over the island, written any of its laws, or been accepted by the Taiwanese population as its legitimate government. In recent years, the island has democratized and inched closer and closer to declaring its *de jure* independence from China—a move that could spark a major conflict in the Western Pacific. At the same time, some foreign governments—including Japan—have upgraded relations with Taiwan.

Japan has long claimed to abide by the so-called “one China policy.” When Tokyo switched diplomatic recognition from Taipei to Beijing in 1972, it agreed to adhere to the “Three Principles” as outlined the Sino-Japan Joint Declaration:

- The PRC is the only legal government of all China.
- Taiwan is a part of China.
- The Japan-ROC Treaties must be abrogated.³²

In the 1998 Sino-Japan Joint Declaration, the Japanese government once again promised to adhere to a “one China” policy and not establish relations with Taiwan.³³ In 2001, Japan's foreign minister reiterated that Tokyo would stick to a “one China” policy and will not support “two Chinas” or “one China, one Taiwan” or “Taiwan independence.” In 2004,

when Prime Minister Koizumi met briefly with President Hu Jintao, he declared that his government continues to support a “one China” policy and will not support “Taiwan independence.”

Despite the series of pledges, promises and declarations, Tokyo has moved closer to Taipei. For example, in 2003, Japan’s former Prime Minister visited Taiwan despite China’s objections, and it is now a common practice for retired high-ranking military officers to attend conferences on the island. Moreover, Taro Aso, Japan’s Foreign Minister (and a contender to be Koizumi’s successor) has referred to Taiwan as a “country” on more than one occasion, to Beijing’s objection. And Tokyo recently dispatched a retired general to serve as its first military attaché at the “unofficial” Japanese embassy in Taipei. As Phil Deans, director of the Contemporary China Institute in the University of London’s School of Oriental and African Studies, has observed, “there has been a remarkable growth of pro-Taiwan sentiment in Japan. There is not one pro-China figure in the Koizumi Cabinet.”³⁴ The biased configuration of Tokyo’s chief policymaking body is not expected to change following Koizumi’s retirement.

Given Japan’s 50-year occupation of Taiwan, it is understandable that elements within both the CCP and KMT view Tokyo with distrust and suspicion. In fact, when meeting with Chinese leaders in 1972, President Richard M. Nixon felt compelled to secretly reassure Premier Zhou Enlai that the United States “will discourage Japan from moving into Taiwan or supporting Taiwan’s independence.”³⁵ Not surprisingly, Tokyo goes to great lengths to avoid giving foreign governments the impression that it has any territorial designs on Taiwan or its other former colonial possessions. However, officials at the highest ranks of Japan’s government have unabashedly boasted that Taiwan’s colonization provided the island with numerous benefits.³⁶ Incredibly, Shintaro Ishihara, Tokyo’s popular governor, has even made the claim that the Korean people “chose” to become part of the Japanese empire in 1910.³⁷

Japan’s growing linkages to Taiwan—including an explosion in tourism and economic exchanges—have set off alarm bells in China. Perhaps most worrisome for Beijing, however, is Tokyo’s declaration that it shares a “common strategic objective” with Washington in the maintenance of peace and stability in the Taiwan Strait. The message is clear, namely, that if China employs force to resolve the Taiwan issue (it has never ruled out the use of military means to achieve unification or prevent independence), there is a strong possibility that it will confront the combined power of the United States and Japan.

Unresolved Territorial Issues

In addition to the sensitive Taiwan question, a variety of other territorial issues and disputes have long plagued Japan’s relations with China. For

example, the two countries are feuding over maritime oil and gas deposits in the East China Sea. Japan claims that Chinese drilling activities in the Chunxiao field are much too close to the (Japanese-drawn) line demarcating its own exclusive economic zone and argues that any gas reserves discovered obviously would extend into Japanese territory. Although the two sides are working toward a compromise, China continues to send spy planes to monitor activities in the area, and Japan scrambles fighters to intercept them.³⁸

Perhaps more sensitive than the East China Sea dispute is China's challenge to Japan's control of the Diaoyutai/Senkaku Islands. According to Chinese historical records, these islands were administered as a part of Taiwan for several centuries. Beijing argues that the islands were returned to China (along with Taiwan) after World War II and that the territories rightfully belong to the PRC. But Japan disputes these claims and insists that the islands are Japanese territory. If oil or gas is discovered in the general vicinity of the contested islands, this simmering dispute could spiral out of control (for more on this point, see Suganuma discussion in Chapter 10).

Summary

In addition to the problems discussed above, several other issues hold the potential to put Beijing and Tokyo on a collision course. For example, Japan's efforts to secure a permanent seat on the UN Security Council have aroused deep opposition in China. Moreover, authorities in China bristle at Japanese suggestions that Japan is rearming in response to a growing threat from North Korea, China, or both. Finally, many Chinese believe that the Japanese do not respect them or their nation.

Chinese Perceptions of Japanese Military Modernization

The Chinese government views Japan's military modernization and rearmament with alarm. PRC officials dispute Tokyo's claim that Japan is a weak and vulnerable state rearming solely to meet potential threats emanating from North Korea (or the PRC). According to China's calculations, Japan's military expenditures now rank the second highest in the world, just behind the United States.³⁹ As Xiong Guangkai, Deputy Chief of the General Staff Headquarters of the People's Liberation Army (PLA), explained, "China's military budget is still far smaller than Japan's and [the] military modernization [of China] has yet to be achieved."⁴⁰ Indeed, during an interview with one of the authors of this study, Senior Colonel Guo Xinning, Research Fellow at the Institute of Strategic Studies in China's prestigious National Defense University, opined that "from

my personal point of view, China is still the weaker side, not only compared to the United States, but also when compared to the Japanese military.”⁴¹ The colonel contends that “nowadays the strongest military power in the Far East—in terms of conventional weapons—is Japan. Not the United States 7th Fleet, but Japan.”⁴² American studies confirm that China’s navy is no match for Japan’s MSDF:

The Chinese Navy, with a slightly higher number of major surface combatants, consists primarily of light frigates and has very poor air defense capabilities relative to Japan. The MSDF’s fleet air defense capabilities are excellent, surpassed only by the U.S. Japan’s P-3s could devastate the navy of any East Asian country. In terms of major surface combatants and tonnage, Japan has the world’s third largest fleet. In terms of naval capabilities, Japan ranks near Great Britain and above any other European great power. So while the U.S. clearly has the world’s most powerful navy, Japan and Great Britain probably vie for second place.”⁴³

Some Japanese military experts have reportedly boasted that the MSDF could destroy the entire Chinese navy in less than two hours.

Officials in Tokyo have cited the PLA’s lack of transparency as an excuse to justify the expansion of the SDF. According to an American study, however, Japan also has long engaged in “a stealth program of incremental rearmament.”⁴⁴ Moreover, Chinese officers argue that the PLA’s lack of transparency may be because much of its military equipment is antiquated and obsolete. As Colonel Guo observed, it is wise policy for a weaker military power “to keep some kind of ambiguity” about its genuine strength because a lack of information “is also conducive to deterrence.”⁴⁵ Japanese military officers concede that the opaqueness that characterizes the PLA might be traced to an understandable reluctance to brag about such “decrepit equipment.”⁴⁶

China opposes Japan’s efforts to secure a permanent seat on the UN’s Security Council. Beijing argues that Tokyo is much too closely aligned with the United States to be considered an independent world power. China also contends that Japan’s lack of repentance for its imperialist past provides strong evidence that the country is untrustworthy and does not deserve representation on the Security Council. So strong is this sentiment that 24 million Chinese purportedly signed an internet petition opposing Japan’s membership in 2005.⁴⁷ It is noteworthy that the South Korean government agrees with this assessment. When commenting on the Japanese UN application, Kim Sam Hoon, Seoul’s UN ambassador, agreed that “a country that does not have the trust of its neighboring countries because of its lack of reflection on the past” could not play the “role of a world leader.”⁴⁸

Some of China's leading experts on Japan contend that Tokyo now has a "clear strategy" to secure a seat on the UN Security Council, take advantage of events in North Korea, and use them as an excuse to re-arm and become a major power. Dr. Jin Xi-De, a Professor in the Institute of Japanese Studies at Beijing's Chinese Academy of Social Sciences, explains, "The first step is to be politically normal. The next step is to be militarily normal. By using the North Korea nuclear issue, they will become nuclearized. Then, Japan will be totally out of control."⁴⁹ Colonel Guo concurs with this assessment. He contends that "as a PLA officer, I am really concerned about the strategic intentions of Japan."⁵⁰

In addition to apprehensions voiced about Japan's rearmament, Chinese officials are irked by Koizumi's repeated visits to the Yasukuni Shrine, proposals to revise the Japanese constitution, growing support for Taiwan, and the blatant revisions of Japanese history as outlined in the nation's textbooks. Each of these might perhaps best be described as a destabilizing factor in Sino-Japanese relations. But the Chinese view these issues not as discrete, separate, or isolated incidents; rather, they represent part of a much larger pattern that points to a future path that Tokyo hopes to follow: "Maybe such kinds of specific issues like the textbook issue, the Yasukuni Shrine, the revision of the constitution, territorial problems, and the Taiwan issue are just superficial. It's a kind of reflection of the future tendency of Japanese strategy."⁵¹

On a final note, many Chinese at both the elite and popular levels share a general feeling that the Japanese people do not respect them or their country. During discussions with the authors of this study, Chinese complained that the Japanese appear to believe that only the Americans, not the Chinese, defeated their country in World War II. There is also considerable anger directed at the Japanese sex tourism industry and the attitude and behavior of Japanese living and working in China.

Conclusions

The behavior of any given decision-maker "is shaped by the particular way in which he perceives, evaluates, and interprets incoming information about events in his environment."⁵² Misperceptions and the selective screening out of important information may also play a critical role in the decision-making process: "Decision-makers tend to fit incoming information into their existing theories and images. Indeed, new theories and images play a large part in what they notice. In other words, actors tend to perceive what they expect."⁵³ Perceptions and misperceptions together mold the foundation upon which government policy is constructed. Therefore, it is important to gain an understanding of how the Chinese perceive (or misperceive) recent military developments in Japan.

It is noteworthy that, in many respects, China's interpretations of Japan's defense transformation and long-term intentions parallel the analyses of other regional actors—particularly the Republic of Korea (ROK). For example, in June, 2006, President Roh Moo Hyun said that South Korea must strengthen its military deterrence, not against North Korea or China, but against Japan.⁵⁴ In other words, there appears to be a shared perception (or misperception) among Japan's neighbors that Tokyo is capable of quickly becoming a threat. Policymakers detect in Japan's campaign to become a "normal" country a dangerous drive to rearm and alter the security equation in East Asia. As such, Japan is perceived as a revisionist power that seeks to "overthrow the conclusion of World War II" and become a "big power."⁵⁵

Is Japan actually a "revisionist power" seeking to eventually reclaim its position as the most powerful country in the Western Pacific? Does Tokyo harbor secret ambitions to once again become the colonial overlord of Asia's weaker states? Is Japan back on the road to militarism?

Unfortunately, these questions are unanswerable. Few in 1942 or 1943 could have predicted that America and Japan would become firm allies within ten years or that America and China would become bitter enemies. Even though some Western observers believe that concerns about Japan are unfounded, it is Chinese policymakers' perceptions that really matter. And the Chinese do perceive Japan as a growing threat. After all, it is a historical fact that "in modern times, no foreign powers did more harm to China than Japan did."⁵⁶

Current tensions between China and Japan may be attributed to numerous factors. Tokyo's rearmament is only one of these considerations. Given the current geopolitical landscape of East Asia, it would be unrealistic to expect Japan to disarm. However, some modest adjustments in policy might go a long way toward assuaging China's concerns about Japan's ultimate intentions and perhaps even help pave the way for reconciliation between the two states. With respect to Japan's security policy, the following points seem paramount:

- At a minimum, Japan's leading government officials and politicians should refrain from visiting the Yasukuni Shrine. Ideally, the tablets of the war criminals inside the shrine should be removed or the shrine itself closed. As Tang Jiaxuan of China's State Council observed, "the Japanese leaders' Yasukuni Shrine visits remain the most prominent issue hindering Sino-Japanese bilateral ties."⁵⁷ As long as visits to the shrine continue, it will be very difficult for Tokyo to win the political trust of China or neighboring states.
- Japan should reform its educational curriculum and adopt textbooks that reflect the historical realities of the country's militarist and imperialist past. Otherwise, textbooks that gloss over Japanese

atrocities will continue to trigger a violent reaction in China and other East Asian countries.

- Tokyo should hold discussions with Beijing over the international status of the Diaoyutai/Senkaku Islands. Contrary to popular misconception, Japan's claim to sovereignty over the eight islands is questionable.⁵⁸ In fact, the Okinawa government only claimed them in 1969 after geophysical surveys revealed that oil might be deposited under them. Bilateral negotiations could help defuse the simmering dispute and lead to joint development of any resources discovered under the continental shelf.
- Japan should not scrap Article 9 in its constitution; the move is both unnecessary and provocative. It is obvious that Japan has not complied with the provision for several decades. Japan may play a role in regional security without revising its constitution. This symbolic gesture would only infuriate Japan's neighbors—particularly China and the two Koreas.

Defusing tensions with China will undoubtedly represent a significant challenge to Japan. As it stands, the Koizumi administration has done almost everything in its power to encourage and even accelerate Chinese animosity toward Japan. It appears that “standing up to China” has become an easy way to grab votes in Japan. What some politicians in Tokyo fail to understand, however, is that it is in Japan's best interest to maintain a stable and constructive relationship with Beijing. It makes no sense for Japan to remain permanently at odds with the country that is largely responsible for the nation's economic recovery and also happens to enjoy the fastest growing economy on earth. The modest measures listed above might serve as the first steps on the road to a genuine reconciliation between these two Asian giants and would be a boost to the entire region. As Abdullah Badawi, Malaysia's primer minister observed, whenever Japan and China quarrel, “we all suffer the consequences . . . we must put an end to this unhealthy slide in relations.”⁵⁹

Notes

1. *Defense of Japan 2004* (Tokyo: Inter Group, 2004), 105, 552.

2. The Self Defense Forces (SDF) was established in 1954 as a successor to the Japan Security Forces. For more information on the evolution of the SDF, see Dennis Hickey, *The Armies of East Asia: China, Taiwan, Japan and the Koreans* (Boulder, CO: Lynne Rienner, 2001), 36–37.

3. See Dennis Hickey, *The Armies of East Asia*, 44–45.

4. See Patrick Goodenough, “China Unhappy about Japan's More Assertive Approach,” *CNSNews.Com*, December 14, 2004. <http://www.cnsnews.com>.

5. See “A Giant Stirs, A Region Bridles—Japan and Its Neighbors,” *Economist* (U.S. Edition), May 13, 2006.

6. See Christopher W. Hughes, "Japanese Military Modernization: In Search of a 'Normal Security Role,'" in *Strategic Asia, 2005–2006: Military Modernization in an Era of Uncertainty*, ed. Ashley J. Tellis and Michael Wills (Seattle: National Bureau of Asian Research, 2005), 121.

7. Ibid, 106–34.

8. See "Interview with Ground Staff Office Chief of Staff Tsutomu Mori," *Japan Defense Focus 2* (July 2002): 4. http://www.jda.go.jp/e/index_.htm.

9. See Japan Defense Agency, *Defense of Japan 2005 White Paper* (Tokyo: Japan Defense Agency, 2005), 23. http://www.jda.go.jp/e/index_.htm.

10. See Kiyotani, Naok, "From 'JSDF in Being' to 'JSDF in Action,'" *Military Technology* 28, no. 9 (September 2004): 10.

11. See Xiaoliang Pan, "Ri Ben Zi Wei Jun Jiang Xiang He Chu Qu?" *Xinhua News*, December 17, 2004. http://news.xinhuanet.com/world/2004-12/17/content_2347866.htm.

12. See Xiaoying Yan, "Ri Ben Zi Wei Dui Xuan Cheng Yao Da Gui Mo Cai Jun," *China Youth Daily*, August 6, 2004. http://news.xinhuanet.com/mil/2004-08/06/content_1722717.htm.

13. See Col C. Langton, ed., *The Military Balance 2004–2005* (London: Oxford University Press, 2004), 176.

14. See Yafei Guo, "Ri Ben Zi Wei Dui Yi Pie," *China Daily*, November 5, 2005. <http://world.people.com.cn/GB/1030/3830577.html>.

15. Ibid.

16. Ibid, 162.

17. Ibid, 116.

18. See *Defense of Japan 2005 White Paper*, 25.

19. See National Institute for Defense Studies, *Asian Strategic Review 2006* (Tokyo: National Institute for Defense Studies, 2006), 249. <http://www.nids.go.jp/english/dissemination/east-asian/e2006.html>.

20. See *Defense of Japan 2005 White Paper*, 25.

21. See Yuejiang Wei, and Xin Liu, "Ri Ben Hai Shang Zi Wei Dui Ye Xin Bo Bo," *People's News*, December 16, 2003. <http://www.china.com.cn/chinese/junshi/462188.htm>.

22. See Fang, "Ri Xin Fang Wei Zheng Ce Jiang Zi Wei Dui Jian She Fang Xiang Gai Bian Wei Guo Jia Zhan Lue Fu Wu," *PLA Daily Newspaper*, January 13, 2004. <http://www.china.com.cn/chinese/junshi/478869.htm>.

23. See Tanter, Richard, "The MSDF Indian Ocean Deployment—Blue Water Militarization in a 'Normal Country,'" *Policy Forum Online* 25A (April 4, 2006). <http://www.nautilus.org/fora/security/0625Tanter.html>.

24. Ibid.

25. See *Defense of Japan 2004*, 163.

26. See James Kitfield, "Dragon, Eagle, and Rising Sun," *Air Force Magazine* 88, no. 6 (June 2005): 66.

27. Ibid.

28. See "U.S. Asks Japan to Expand ASDF Mission in Iraq Early," *Jiji Press Ticker Service*, May 3, 2006.

29. Norimitsu Omishi, "A Dilemma for U.S. in East Asian Relations," *International Herald Tribune*, June 26, 2006, p. 4.

30. Ibid.

31. Japan's use of biased textbooks is a longstanding source of tension between Tokyo and its neighbors. For more information on the background of

the dispute, see Myon-woo Lee, "Textbook Conflicts and Korea-Japan Relations," *The Journal of East Asian Affairs* 15, no. 2 (Fall/Winter 2001): 421–46.

32. See Junqing Ma, "Xinhua shipping: Chu Li Taiwan Wen Ti Gui Zai Xin Shou Cheng Nuo," *Xinhua News*, May 1, 2005. http://news.xinhuanet.com/world/2005-05/01/content_2902868.htm.

33. Ibid.

34. Chalmers Johnson, "No Longer the 'Lone' Superpower: Coming to Terms with China," *Japan Policy Research Institute Working Paper*, no. 105 (March 2005). <http://www.jpri.org>.

35. See Ching Cheong, "U.S. Taiwan Policy Set 31 Years Ago," *Straits Times*, December 20, 2003.

36. For more information, see Norimitsu Onishi, "Japanese Remarks about Taiwan Anger Beijing," *New York Times*, February 6, 2006, p. A6.

37. See "Tokyo Governor Repeats Remarks on Japan's Annexation of Korea," *Kyodo News Service*, in *BBC Monitoring Asia Pacific*, October 31, 2003.

38. See Hiroko Tabuchi, "Japan Scrambled Jets 107 Times This Year to Intercept Chinese Spy Planes, General Says," *Associated Press*, April 20, 2006.

39. See Jun Pei, "Ri Ben Gong Bu 2004 Fang Wei Yu Suan," *China Youth Daily*, September 2, 2003. http://www.china.com.cn/military/zhuanti/hpxf/txt/2003-09/02/content_5396030.htm.

40. "China Military Leader Shrugs Off Japan Lawmaker's Objection," *Jiji Press Ticker Service*, December 12, 2005.

41. Dr. Dennis Hickey's interview with Senior Colonel Guo Xinning, Research Fellow, Institute for Strategic Studies, National Defense University, People's Liberation Army, Beijing, China, June 12, 2006.

42. Ibid.

43. Kitfield, "Dragon, Eagle, and Rising Sun," 66.

44. Johnson, "No Longer the 'Lone' Superpower."

45. Hickey, interview with Senior Colonel Guo Xinning.

46. Ibid.

47. See "A Giant Stirs."

48. Norimitsu Onishi, "Tokyo Protests Anti-Japan Rallies in China," *New York Times*, April 10, 2005, p. 8.

49. Dr. Dennis Hickey's interview with Dr. Jin Xi-De, Professor, Institute of Japanese Studies, Chinese Academy of Social Sciences, Beijing, China, June 8, 2006.

50. Hickey, interview with Colonel Guo Xinning.

51. Ibid.

52. Alexander George, *Presidential Decisionmaking in Foreign Policy: The Effective Use of Information and Advice* (Boulder, CO: Westview, 1989), 57.

53. Robert Jervis, "Hypotheses on Misperception," *World Politics* 20, no. 3 (April 1968): 454.

54. Norimitsu Omishi, "A Dilemma for U.S. in East Asian Relations," *International Herald Tribune*, June 26, 2006, 1.

55. Hickey, interview with Dr. Jin Xi-De.

56. Shaohua Hu, "Why the Chinese Are So Anti-Japanese," *Japan Policy Research Institute Critique* 13, no. 1 (January 2006). http://www.jpri.org/publications/critiques/critique_XIII_1.html.

57. See "A Giant Stirs."

58. For more information, see Kristina S. Mao, "The Legal Status of the Diaoyu Islands," paper delivered at the Association of Chinese Political Studies and the Renmin University School of International Studies International Conference, *China in the 21st Century: Challenges and Opportunities*, Beijing, China, June 9–11, 2006; Ma Ying Jeou, *Legal Problems of Seabed Determination in the East China Sea* (Baltimore: School of Law, University of Maryland, 1984).

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CHAPTER 7

U.S. Policy and Sino-Japanese Rivalry

Mel Gurtov

Although tension on the Korean peninsula and in the Taiwan Strait are usually identified as East Asia's most prominent flash points, rivalry between China and Japan may be the key to peaceful and stable relationships in that region. Sino-Japanese relations have blown hot and cold in cycles ever since the 1950s. Direct conflict has never been a serious possibility, but tensions have frequently run high, and national feelings have been used by both countries to manipulate the behavior of the other. Even today, when the Chinese and Japanese economies are closely intertwined, it is commonly thought that the rivalry is more intense than ever—*jing re zheng leng* (economically hot, politically cold), as the Chinese say—and dangerous for that reason.

The United States has always played a central role in Sino-Japanese relations, whether in the early post-World War II days of occupation or in the midst of the “war on terror.” Consistently, this chapter will show, U.S. policy has made use of Japan—the “aircraft carrier in the Pacific,” in General Douglas MacArthur's words—to contain Chinese ambitions as part of a larger design to exercise hegemony in East Asia without challenge. Not that Japan has always been a willing instrument of U.S. policy; Japan has occasionally broken ranks with the United States, including on China policy. But as the junior partner of the United States, Japan has had limited room to develop its own approaches to China, and more often than not has been a follower of the United States. Today, that follower-ship risks dividing East Asia in much the same way it was divided during the cold war.

This chapter will briefly explore the main themes of U.S. policy toward Sino-Japanese relations during the cold war. The emphasis will be on post-cold war policies, and in particular on those of the George W. Bush administration since the 9/11 terrorist attacks.

The Cold War Years

The pivotal development in U.S. policy in East Asia in the years immediately after World War II was the occupation of Japan. Central to the occupation, as one leading scholar has written, was the emerging cold war in Asia and the looming concerns about a Communist China:

Indeed, no knowledgeable observer could conclude that the primary U.S. aim had been to democratize Japan. The highest objectives were, first, to use Japan as the hub of an open, multilateral capitalism in Asia; second, to contain communism; and third, to reassure neighbors by keeping Japan orderly and controlled. (LaFeber 1997, 295)

An arrangement of mutual convenience developed around the occupation: Japan's "liberal" (i.e., pro-market, anti-leftist) politicians—those who, with U.S. encouragement, would found the Liberal Democratic Party in 1955—would be helped to retain power, and Japan would be given protected status, in return for which the United States would have unencumbered access to Japan's territory for military bases, an ally in the war on Communism, and essentially a veto power over Japan's foreign policy (Schwarz 1996, 94–95).¹

Thus began a long period of Japanese foreign-policy dependency and subordination of nationalism, on the one hand, and of United States–Japan alignment against China on the other. The United States and Japan signed a peace treaty in 1952, legally ending the state of war, only after Washington was assured of Japan's approval of the retention of U.S. bases. The Self-Defense Forces (SDF) were created out of Japan's national police reserves in 1954 at U.S. instigation, an artifice to get around Article 9 of the constitution, which asserted that "land, sea, and air forces, as well as other war potential, will never be maintained." Despite gaining the right to "individual or collective self-defense" under the peace treaty, various Japanese governments were content to forego that right and even pretend it did not exist—the 1960 Security Treaty was the next instance—in return for U.S. protection and the consequent freedom to pursue export-led growth. The Japanese economy flourished, of course; but Japan was cut off from China and forced to follow unpopular U.S. policies (e.g., on Taiwan, Korea, and Vietnam) that caused constant political division at home and alienation from some Asian neighbors.

Sino-Japanese relations remained abnormal throughout the cold war. Even the establishment of official relations in 1971 did not truly normalize them in a political sense. Following the U.S. lead, Japan preserved diplomatic ties with Taiwan; China consequently conducted diplomacy only with "friendly" Japanese firms and politicians that considered the PRC the legitimate China. Chinese propaganda constantly assailed Japan

for “reviving militarism” whenever its military budget rose and its support of U.S. military power was manifest. Although in reality China’s leaders were surely content to have Japan remain under the U.S. security umbrella rather than on its own—as the proverbial “cork in the bottle” of Japanese nationalism—the two countries were locked in the mindset and behavior patterns of the cold war.

Post-Cold War Japanese-U.S. Relations and U.S. China Policy

In the 1990s, U.S. policy encouraged a more assertive Japanese defense and economic role in East Asia, but only within the confines of American priorities. James Baker III, secretary of state in the first George Bush administration, spoke for all his predecessors and successors when he likened the U.S. security role in Asia to the axis of a wheel, with the spokes consisting of forward-deployed forces and alliances with Japan, South Korea, Australia, the Philippines, and Thailand (Baker 1991–1992). When Malaysia’s prime minister, Mohamed Mahathir, proposed the creation of a separate East Asia trade group within the Asia-Pacific Economic Cooperation (APEC) forum, Washington made clear to Tokyo that it would not support such a group. In 1997, the United States pressed Japan for new “Guidelines for United States–Japan Defense Cooperation,” which were intended to solidify Japanese rear-area logistical support in the event of a confrontation with China such as had occurred the previous year, when the Chinese People’s Liberation Army (PLA) conducted missile tests near Taiwan. (The guidelines, negotiated following a summit meeting between President Clinton and Prime Minister Hashimoto in April 1996, refer to military cooperation “in situations in areas surrounding Japan.”) Again, when the Asian financial crisis hit in 1997 and Tokyo proposed establishing an Asian Monetary Fund, Washington said no.

This is not to say that Japan invariably toed the line drawn by Washington. Despite Japan’s ongoing attachment to the Security Treaty, it left itself room to maneuver, such that “hedging bets” began to be used as a description of Japan’s security outlook. From one angle the hedging could be seen in the limits placed both on the SDF’s participation in combat missions abroad during UN peacekeeping operations and on the ambiguity of Japan’s commitment to support U.S. forces under the new security guidelines. From another angle, an increased willingness could be detected in Japan to exploring defense alternatives if the United States proved unreliable. With the end of the cold war some analysts perceived new security thinking in Japan, occasioned by a combination of domestic political and economic changes (the bubble economy, the collapse of the LDP, and the brief tenure of a Social Democrat–led coalition in 1993,² as

well as the government's ineffectual response to the Kobe earthquake and the sarin attack) and, in the United States, by Japan bashing, pressure tactics on trade, and a perceived lack of clear commitment to Asia (Hosokawa 1998). The new thinking could be seen in Prime Minister Hosokawa's frequent apologies concerning World War II, the start of Japan's campaign to gain a permanent seat on the UN Security Council, and, most importantly, Japan's "re-Asianization"—an active role in Asian multilateral diplomacy, including political and security dialogue in ASEAN (the ten-nation Association of Southeast Asian Nations), which accompanied a major increase in Japan's Asia-Pacific trade and investment.

In relations with China, Japan was hesitant to support U.S. pressure on human rights, most clearly in the aftermath of the Tiananmen crackdown in 1989. Instead, Tokyo followed a self-interested policy path with Beijing. Prime Minister Kaifu visited China in 1991 and the emperor made an unprecedented visit there in 1992. Japan froze official development assistance (ODA) to China when the Chinese carried out a nuclear-weapon test in 1995, but resumed aid in early 1997 when China signed the Comprehensive Test Ban Treaty. As the 1990s ended, Japan was China's leading foreign aid provider, top trading partner, and leader in high-tech transfers to China—all despite the persistence of the usual history-laden issues and newer security issues such as China's missile capability and Japan's role in defense of Taiwan (Meyer 1999).

In fact, under Prime Minister Obuchi Keizo the search for a new security paradigm gravitated toward the idea of Japan as a "global civilian power" (Gurtov 2002; Funabashi 1991–1992). To the dismay of many Japan specialists and probably the Pentagon as well, Obuchi advocated a good-neighbor policy toward China and South Korea, increased Japanese ODA and technical assistance to the developing countries and global environmental problems, and looked for ways to strengthen civil society in Japan. He embraced the traditional foreign-policy passivism laid out in the 1950s and rejected the idea of becoming a "normal nation" that is prepared to shed blood in support of its international interests. Rather than strive for shared leadership with the United States or, even less, a Pax Japonica, Japan as a global civilian power would make its mark in the world by using its exceptional economic and technological resources for global good. But even these ideas did not portend a radical departure from mainstream Japanese thinking; they did not mean a downgrading of the United States–Japan alliance or closure of U.S. bases in Okinawa. Obuchi was not hedging bets; he was mainly concerned about internationalizing Japanese society. In any case, how far Obuchi might have taken Japan down the road of global citizenship cannot be known, for once he died in office early in 2001, the option of global civilian power was abandoned.

China's Rise and PRC-U.S. Relations

The foreign-policy legacy of Deng Xiaoping, who died in 1997, encompassed both traditional Chinese priorities in international affairs and an appreciation of globalization's importance for PRC relations with China's neighbors and with the United States. In a word, Deng argued that the key to China's international as well as internal security lay in self-strengthening through rapid economic development; that with rapid development would come international respect, as well as domestic political stability; that China needed to "open wide to the outside world"—i.e., use the instruments of international capitalism to promote "market socialism"—in order to catch up with its newly industrializing neighbors; and that, therefore, China should avoid conflict and seek cooperation with the United States to enhance opportunities for growth (Zheng 2005).³ These instructions to his successors had important implications for other policies, such as restraint on military spending, good-neighbor diplomacy with bordering countries, and a quest for those technological, energy, and human resources that would propel the Chinese economy forward.

Deng's successors, Jiang Zemin and Hu Jintao, have for the most part adopted his prescriptions. They too recognize that economic success means everything for China and the Chinese Communist Party and therefore that China's engagement with the world is irreversible. But engagement should not be confused with dependence, for just as Mao developed a concept of self-reliance in the 1950s and 1960s, Deng and his heirs have evolved a global strategy—China's "peaceful rise"—that is founded on independence, rapid economic development, and nationalism. These priorities have two critical objectives: ensuring that globalization serves Chinese economic planning,⁴ and using China's newfound influence to craft an East Asian order that promotes cooperation with China as a security alternative to U.S.-backed alliances and balance-of-power politics (Moore 2000; Van Ness 2004/2005). Within China, these priorities have been sources of contention, but there is no mistaking the overall consensus in favor of a "peaceful rise" (Chen 2005).

Outside China, however, it is perhaps inevitable that China's size and the suddenness of its rise to international economic prominence would occasion concern among U.S., Japanese, and other Asian policymakers about the extent of the PRC's regional and global ambitions. U.S. (and Japanese) leaders now have the China they say they always wanted—a marketizing China that has redefined socialist development—except that a rising, unsatisfied new power, in the minds of some, threatens the existing international order, for it means military modernization and the quest for resolving in its favor longstanding national interests, such as reunification with Taiwan and recovery of other disputed territories. Thus the contradiction for these leaders in China's rise: On one hand, the United

States and Japan (not to mention the European Union) cannot but compete in the gigantic China market, becoming essential contributors to the emergence of a Chinese economic powerhouse. But on the other hand, they fear the consequences of that emergence—a China that will challenge U.S. hegemony in East Asia, upset the rules of correct economic and foreign-policy behavior that Washington has largely dictated since the end of World War II, and in the end displace both Japan and the United States as East Asia's economic hub.

PRC leaders have addressed these concerns in word and deed, though clearly with only limited success. They have, for instance, published defense white papers (the most recent ones in 1998 and 2004) in a modest attempt at military transparency. During the Asian financial crisis of 1997–1998, the PRC leadership acted the part of global citizen by rejecting revaluation of its currency, a step that would have worsened the unfolding disaster in Southeast Asia. China has joined a number of international organizations and signed numerous international agreements on everything from environmental protection and peacekeeping missions to arms control and human rights. And since the late 1990s Beijing has adopted a “new security concept” that harkens back to the Five Principles of Peaceful Coexistence of the 1950s, with its appeal to all states to embrace “the principles of equality, dialogue, trust, and cooperation . . . consensus through consultation and peaceful settlement of disputes, rather than bullying, confrontation, and imposition of one's own will upon others” (Thayer 2000).⁵

Clearly, the new security concept is an invitation to China's East Asian neighbors and a challenge to the United States and its allies, starting with Japan. For in Chinese eyes, Japan is always junior partner to the United States, the country that poses the main security problem for China. But Chinese efforts to woo Japan away from the alliance with the United States have never succeeded. Nor have formal expressions of Sino-Japanese friendship, such as the November 1998 joint statement signed when Jiang Zemin visited Tokyo. Thus China's best options evidently are to cultivate relations with the other Asian states, including those in Central Asia, as well as in Southeast Asia, and sustain engagement with the United States on matters of common interest (Sutter 2002, 39–40). The new security concept seems particularly directed at ASEAN: it offers a comprehensive notion of security to which they already subscribe—information, financial, and resource security specifically—providing common ground for expanding commercial relations and offering reassurances of China's good intentions.

In a larger sense, the concept reflects a positive Chinese view of *multilateral cooperation* that contrasts with the U.S. preference for bilateral alliances.⁶ Here we come to the nub of the problem in U.S. policy toward

China and Japan: the great reluctance of the United States, even before the 9/11 attacks, to diminish its hegemonic role in East Asia and move with the tide of East Asian regionalism (Gurtov 2002, chap. 7). While Japan has struggled to balance its bilateral alliance with the United States and its regional ties, the United States has focused on engaging China economically while containing it politically and strategically because of the “challenges” China poses to U.S. security interests (U.S. Secretary of Defense 1998, 31). The implication for U.S. policy toward Japan, as the 1990s ended, was clear: prod it to “do more” in the way of burden sharing in East Asia, not “allow” Japan to take the lead in Asian regionalism, and maintain Japan’s “protectorate status” as a strategic counterweight against a possibly expansionist China (Johnson and Keehn 1995).⁷

The Impact of 9/11 and the Bush Doctrine

A New Relationship with China?

When George W. Bush took office, U.S. policy came under the sway of the neoconservatives, led by Vice President Richard Cheney and Secretary of Defense Donald Rumsfeld. They, along with some foreign-policy realists like Condoleezza Rice, persuaded Bush that “strategic competitor” was the proper way to characterize China (Mufson 2001).⁸ Both groups viewed China as an adversary, but they also bowed to economic realities: the huge U.S. stake in the China market. Thus the overall U.S. objective with China was to have a “constructive relationship” but not a “strategic partnership” (*National Security Strategy of the United States* 2002, 32).

The 9/11 attacks altered U.S. China policy, not by resolving the Taiwan problem or any other outstanding issue in relations with the PRC but by shelving them. To be sure, official references to China post-9/11 make it seem as though the two countries are again strategic partners in the worldwide resistance to terrorism and the spread of weapons of mass destruction. But this is a superficial embrace: the United States and China continue to have strong differences on human rights (including China’s tendency to treat ethnic separatist groups as terrorists), military transparency, trade, energy, North Korea’s nuclear program, theater missile defense, U.S. bases in Central Asia, and of course Taiwan. All these issues, moreover, are subsumed within the new neocon strategy (the Bush Doctrine) of unilateralism, preemptive attack, and regime change that shaped the U.S. invasion of Iraq in 2003. China is therefore a competitor in American eyes, and its growing military power is presumptively threatening—conclusions that are used to justify maintenance of substantial U.S. forces and access points across the face of Asia (Klare 2005).⁹

Beijing's understanding is not blurred by official U.S. rhetoric: China sees the United States as again on the offensive internationally, as unwilling to establish "truly friendly relations," and as failing to regard China as a peer. Thus a leading Chinese America watcher has written that "the Chinese-U.S. relationship remains beset by more profound differences than any other bilateral relationship between major powers in the world today" (Wang 2005, 46–47). U.S. influence on Japan's foreign policy is prominent among the differences, as discussed below.

"Normal" Japan

Changes under Bush in the alliance with Japan are an important but understated element of the neocon strategy, and not just because of the war on terror. The ascension of Prime Minister Koizumi Junichiro in the spring of 2001 came on the heels of Japanese disquiet over North Korea's missile capability and a "fundamental shift in the political economy of East Asia" in China's direction (Lam 2005, 275–76). Opportunistically or otherwise, Koizumi used this heightened sense of threat to lean toward the Americans to a degree, some Japanese commentators said, unmatched by recent predecessors (Schreiber 2003). Koizumi joined Bush's "coalition of the willing" in Iraq, pushed emergency legislation on terrorism through the Diet, and, in a major break with tradition, deployed both air and naval units of the SDF, first to the Indian Ocean in support of the war in Afghanistan and later to the Persian Gulf (Tanter 2005). In December 2003 Koizumi took the unprecedented step of sending around 600 Ground SDF soldiers to Iraq despite overwhelming disapproval from the Japanese public. By law the soldiers were limited to rear-guard support roles for up to one year; but Koizumi decided in December 2004 and (for the last time) in December 2005 to extend the deployment for another year as a further show of support of the United States. Again, he defied public opinion.¹⁰

Japan took three other significant steps in support of U.S. policy. One was in relations with North Korea. When Koizumi made a surprise trip to Pyongyang in the fall 2002, against U.S. wishes, he extracted an apology from Kim Jong Il for the abduction of Japanese citizens and a promise to return them to Japan. The Bush administration's reaction was to exaggerate North Korea's highly-enriched uranium (HEU) program, possibly in order to "scare Japan and South Korea into reversing their policies" of conciliation toward the North (Harrison 2005a, 100–101).¹¹ As a consequence, a promising step toward the normalization of Japanese-North Korean relations was nullified, and instead, Japan turned to the idea of closing Japanese ports to North Korean ships, as the United States desired.¹² In September 2003 Japan joined the Bush administration's Proliferation Security Initiative (PSI), an effort largely aimed at intercepting

North Korean missile exports. The Japanese cabinet subsequently allocated funds to deploy U.S.-built missile defenses in East Asia. With the Bush Doctrine as precedent, Japan's foreign minister said that Japan had the right, in self-defense, to make a preemptive attack on North Korean missile sites (*New York Times* 2003, p. 15).¹³

A second major step came at the end of 2004, when the Koizumi government announced in its National Defense Policy Guidelines that the chief security threats to Japan are missiles and terrorists. For the first time, China was specifically named a potentially threatening country—not surprising, perhaps, considering that the Koizumi cabinet is dominated by pro-Taiwan, anti-China sentiment (Johnson 2005, 3; Lam 2005, 285). The guidelines also considerably enlarge the geographic scope of Japan's security interests, which by implication also widen the area of future SDF deployments (*Asahi Shimbun* 2004). Even as some U.S. forces are being relocated from Okinawa, the interoperability of U.S. and Japanese ground forces is being enhanced, and cooperation on missile defense is expanding (Lim 2005).¹⁴

The third major step was the February 2005 United States–Japan statement of “common strategic objectives,” dubbed the “2+2” statement. Prior to the statement, reports had circulated of “active dialogue by senior Japanese defense and foreign policy officials with their U.S. counterparts concerning Taiwan, [which] raised Chinese apprehension” (Sutter 2002, 38). The goal of peaceful resolution of the Taiwan issue was included “for the first time in any United States–Japan agreement since the 1969 Nixon–Sato communiqué” (Lim 2005). Japan, China's number-one trade partner, thus became entwined in a situation that the Chinese PLA officially describes as “grim” (People's Liberation Army Daily 2004; Jiang 2005).¹⁵ Perhaps not accidentally, the statement came at the same time that Pentagon and CIA leaders were testifying before Congress on the PRC's increasing military capabilities vis-à-vis Taiwan. Whereas a senior LDP leader joined the chorus of Japanese who welcomed the statement as a show of support for Taiwan's security,¹⁶ Chinese leaders naturally read it in threatening terms. Beijing condemned the declaration, and its legislature passed an “anti-secession law” in March that formalizes the use of force in case Taiwan should declare independence (Faiola 2005; Brooke 2005).¹⁷

Taken together, what do these steps mean? From the perspective of alliance history, they can be interpreted as simply the latest indicators that the Japanese are willing followers of the United States. That is, the Japanese government is showing the same loyalty to U.S. policy in the war on terror that it showed in conflicts during the cold war, perhaps because (as one observer has written) “America doesn't need Japan quite as much as it used to, or as much as many Japanese seem to assume” (Lim 2005,

12). But in China, these developments are seen as part of a larger security design being promoted by the United States.¹⁸ The United States has “pushed China and Japan further apart,” a Chinese commentator has charged (Wang 2005, 44). The “China threat” is being played up by the Japanese right wing, he writes, which explains Japan’s interference in Taiwan affairs with apparent U.S. support. The fact that the overseas deployments, commitment to missile defense, and new security guidelines have followed other signs of an emerging Japanese nationalism—legal recognition of the Rising Sun as the national flag and *Kimigaya* as Japan’s national anthem (in August 1999), and Koizumi’s periodic visits to the Yasukuni Shrine where Class A war criminals are interred—lend credence to such charges, or at least provide fuel for anti-Japanese propaganda, as the Internet-based popular protests in China in the spring of 2005 showed.

Alastair Johnston has written that “Many Chinese analysts and leaders believe, however, that a Japan within a bilateral alliance with the United States is still better than a Japan outside of such constraints *as long as* this alliance is not used to provide military cover for an independent Taiwan” (Johnston 2004, 81). Chinese sources have said repeatedly that their objective is not to end that alliance but to avoid seeing it strengthened at their expense.¹⁹ To the extent that Japan is part of a U.S. effort to defend Taiwan and keep it from ever becoming part of China proper, it encourages the Chinese military to maintain large forces opposite Taiwan and prepare coercive strategies. As Johnston has concluded, you have here a classic security dilemma of action and reaction based on worst-case assumptions on all sides that feed one another and risk conflict (Johnston 2004, 89).

Unfortunately, the usual diplomatic channels for helping resolve such matters are not being used: One of the disturbing features of China-Japan relations is the sharp drop in both high-level summitry and regular nonofficial relationships.²⁰ Koizumi’s visits to Yasukuni have led China’s leaders to ignore him at regional meetings and postpone official visits.²¹ His apologies for Japanese militarism and his promise to “build a future-oriented cooperative relationship” with neighboring countries have fallen on deaf ears in China.²² Instead, China-Japan diplomacy has taken on the look of earlier years, when China-friendly Japanese politicians journeyed to Beijing and issued canned statements of support for PRC policies.²³

Significant changes are probably in the offing in Japan’s national-security policies. “In essence,” Richard Tanter has argued, “the Bush Doctrine has been welcomed [in Japan] for the cover and opportunities it affords to accelerate already existing planning preferences”—preferences, that is, for making Japan the kind of “normal nation” that projects its military power to protect its interests and pays a price for collective security (Tanter 2005, 156). This is the kind of normalcy neocons applaud.²⁴

Rather than re-define normalcy by becoming a “global civilian power,” Japan seems headed toward removing constitutional and philosophical constraints on the military (Masaki 2005).²⁵ Constitutional revision will take time, and in the end may not receive the required majority approval of the voters. But even the contemplation of such a step further distances Japan from China (Masaki 2005, 7).²⁶

Managing and Normalizing the China-Japan Relationship

Conflict or Cooperation?

One Japanese commentator has written that “by far the most important contribution Japan can make toward international peace is the establishment of a solid and peaceful relationship with China. . . . Japanese militarization . . . dangerously erodes Sino-Japanese relations” (Tamamoto 2005). The same applies to the United States: promoting better ties between China and Japan can go a long way toward improving United States–China relations and in the process promoting international peace. Extensive commercial links between China and Japan no doubt reduce the possibility of violent conflict, but contending (and rising) nationalisms coupled with rising military capability provide a volatile mix.

What are the risks of mismanagement of Sino-Japanese rivalry? Incidents at sea, territorial disputes, and show-the-flag situations already have laid the basis for a violent run-in between Chinese and Japanese vessels.²⁷ But even if such incidents do not end in a firefight, nationalist feelings are running high enough that an arms race could eventuate. The more often such disputes occur, and the longer the two governments go without tension-easing diplomacy, the more likely it is that their publics will support showing toughness. For China that would probably mean further investments in naval power and medium-range missiles, whereas for Japan it could mean not only a step-up in missile defense preparations but also additions to its air force. At the margin, a nuclear-armed Japan cannot be ruled out; as is well known, a number of Japanese officials and politicians have mentioned the possibility of producing nuclear warheads to deter external threats. Arms racing of this sort is bound to affect defense planning in North and South Korea, and Taiwan, propelling all of them to acquire additional firepower. But surely the United States will be most impacted, for Sino-Japanese tensions directly involve commitments under the United States–Japan Security Treaty and the role of U.S. bases in Japan, the relationship with China, and prospects for the success of the Six Party Talks on North Korea. Indirectly, those tensions affect U.S. security ties with South Korea and (under the 1979 Taiwan Relations Act) Taiwan.

What can the United States do to avoid a tragic outcome? First, it should make absolutely clear that moderating Sino-Japanese tensions is a priority interest and that the United States stands ready to do all it can to promote improved relations. Most important is that Japan, with U.S. support, clarify the commitment it made in 1997 to support U.S. forces in "situations in areas surrounding Japan." That means not enlisting Japan in the China-Taiwan dispute. The joint "2+2" statement needlessly aggravates a delicate situation and should be quietly buried.²⁸ Other policy options for the United States are reducing U.S. military aid to Taiwan in a reciprocal manner with China's reduction of missiles opposite Taiwan, continuing to oppose Taiwan independence, promoting direct cross-Straits dialogue and exchanges of politically important persons, favoring the removal of remaining barriers to direct Taiwan commercial ties with the mainland, and devising military confidence-building measures to prevent miscalculations (Bush 2005, esp. 329–33).²⁹ What the United States would be communicating with these policies is that it accepts the right of the two Chinese parties to reach a peaceful resolution of the unification issue without outside interference.

The United States should also support the many initiatives that China and Japan might take to improve relations. One is that China, Japan, and South Korea establish a commission to review history textbooks (Pei and Swaine 2005, 6). Another is a new China-Japan joint statement that might include Japanese affirmation of respect for the one-China principle and specific responses to Chinese concerns about historical revisionism and official visits to the Yasukuni Shrine (Pei and Swaine 2005, 6). A third idea is that the United States enlist China's support for a permanent Japanese seat on the UN Security Council. In return, Japan might find ways to indicate that while it of course hopes to see the Taiwan situation resolved peacefully, Taiwan's future is the business of the Chinese parties. Fourth is support for energy cooperation. Negotiations are ongoing over natural gas exploration in the East China Sea, though they are complicated by the naval confrontations mentioned earlier (Harrison 2005b). Conflicting approaches to seabed resources in the East China Sea and the South China Sea could be resolved through joint management, which has occurred before: in 1997 the two countries signed a fisheries agreement that created a cooperative regime in the East China Sea and laid the basis for similar agreements between China and South Korea and Vietnam (Rosenberg 2005).

Conclusions

In view of the end of the cold war and their economic interdependency, China and Japan should be good neighbors. That they are not, and in fact remain deeply wedded to conflicting positions on issues of long standing,

is testimony to the power of nationalism and entrenched political positions. But it is also testimony to the influential role of the United States, which has consistently sought to use Japan as a strategic lever against China and has stood in the way of a truly normal relationship between the two countries. Neither Chinese nor Japanese nationalism needs to be contained any longer. The United States has the capacity to exert positive influence on both China's rise and Japan's search for "normalcy."

This having been said, the formidable constraints on policy alternatives posed by domestic political circumstances in China, Japan, and the United States cannot be underestimated. In Japan, Koizumi represents a new breed of politician who, in sharp contrast with previous administrations, refuses to allow China policy to be the prisoner of history. Japan's strategic, economic, and political policies now seem likely to be driven more than ever by national interests, with the U.S. alliance remaining primary. Chinese policies will be a difficult mixture of nationalism, which calls for standing up to Japan and the United States, and internationalism, which accepts the requirements of economic interdependency. The Taiwan factor is the volatile variable; nothing is as likely as Japanese "interference" in the Taiwan problem to upset the sensitive balance in Chinese policy making between cooperating with and confronting Japan, for the simple reason that Taiwan is the touchstone of nationalism for all Chinese leaders. As for the United States, though favorable attitudes toward China dominate public opinion, the national defense community—the Pentagon, some defense think tanks and intellectuals, and Congressional staffers—is an exception. The influence of that community drives suspicion of Chinese intentions, thereby making difficult a U.S. policy that treats China and Japan evenhandedly.

Though the United States has benefited from an alliance with Japan against China, the costs are considerable, and rising. Surely the most important cost is the wedge it drives between Beijing and Washington, a relationship that is increasingly central to peace and security in East Asia. For it seems to be generally true that when United States–China relations are positive, all other common policy issues, including differences over Japan and Taiwan, become less tense and more manageable. But so long as the United States lends support to a "normal" Japan that discounts the historical record, erodes constitutional restrictions on its military, and contributes to American policies that amount to confronting China rather than engaging it, the United States–China relationship is going to be shaky and subject to frequent disruption. That situation lends itself to misperceptions, miscalculations, and disputes that are detrimental to the entire region and also, given the size and character of China's economy, to the U.S. and Japanese economies.³⁰ While U.S. diplomats may appeal to China to be a "responsible stakeholder" in the international system and

pursue a “peaceful rise” in non-threatening ways, Chinese leaders will want to see that the United States does its part to act responsibly and transparently (Zoellick 2005). In the case of U.S. policy on Japan, that is not so apparent. As one PRC analyst writes, the United States–Japan alliance now “has become an excuse for Japan to pursue a more active security policy” (Wu 2005/2006, 119).

Realism would seem to dictate two new directions for U.S. policy toward the China–Japan rivalry. One is for the United States to reexamine its China policies in ways that accept China’s rise and China’s inevitably larger influence over Asian and global affairs. Helping (in some cases jointly with Japan) address the principal sources of China’s insecurity, which are internal—its severe water, public health and safety, agricultural, state industrial, and employment problems—are likely to have long-term positive outcomes for United States–China and Japan–China relations, whereas harping (as the Pentagon does) on China as a military threat will only feed adversarial relations (*Promoting Sustainable River Basin Governance* 2005). The other new direction is for the United States to stop prodding Japan to become militarily more assertive in and beyond East Asia. Washington must demonstrate that, the United States–Japan alliance notwithstanding, positive relations with China have an equally high priority. Such a demonstration would support those Chinese foreign-policy elites who subscribe to Deng’s admonition that China should avoid confrontation with the United States and seek cooperation instead. It would also point Japan’s leaders toward making good-neighbor relations with China a foreign-policy priority.

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Notes

1. "Veto power" was the phrase used by George Kennan in a 1947 State Department policy planning document, quoted by Schwarz, to describe what U.S. control over Japan's access to oil would mean.

2. The prime minister at that time, Hosokawa Morihiro, would later urge the removal of U.S. soldiers from Japan on the argument that Japan no longer faced major external threats.

3. A recent succinct restatement of these views.

4. This is what Thomas G. Moore calls "managed globalization."

5. Hu Jintao, speaking in Indonesia on July 24, 2000.

6. Besides China's deepening involvement in groups such as ASEAN+3 (China, South Korea, Japan) and in free-trade arrangements such as the China-ASEAN Free Trade Agreement, there is the sixteen-nation East Asian Summit formed in December 2005. It includes the ASEAN 10, China, Japan, and South Korea, as well as Australia, New Zealand, and India. Japan is thought to have lobbied to include the latter three countries, clearly at Washington's behest (Cody 2005).

7. On the China factor in U.S. thinking, see Nye 1995, 94.

8. Rice writes that "China is not a 'status quo' power but one that would like to alter Asia's balance of power in its favor" (Rice 2000, 56).

9. Pentagon policymakers, starting with Rumsfeld, have taken the lead in questioning the purposes of China's increasing military budget and capabilities.

10. A Kyodo news poll found that 61 percent of respondents opposed the extension and 32 percent favored it. *Japan Times*, December 11, 2004, in North-east Asia Peace and Security Network (NAPSNet) Daily Report, December 15, 2004. To assuage the public, however, the soldiers were billeted well away from populated areas, inviting the opposite criticism from some Iraqis as well as Japanese—that the soldiers were doing little good.

11. Jonathan D. Pollack's account is consistent with Harrison's assessment. Pollack writes that "the Koizumi visit [to North Korea in September 2002] in all likelihood accelerated plans for the long-deferred visit" of James Kelly to Pyongyang, where Kelly made the uranium enrichment charge (Pollack 2003, 66).

12. The ships would not be able to enter without required insurance, which few North Korean ships have. The main effect would be on fish exports, which account for most of North Korea's roughly \$250 million in annual trade with Japan.

13. This "right" was repeated in July 2006 following North Korea's test-launch of several missiles in Japan's direction.

14. Concerning interoperability, the headquarters of the U.S. Army First Corps is moving from the state of Washington to Camp Zama, Japan, as is Japan's Ground Self Defense Force's rapid reaction force.

15. Jiang provides a good, brief summary of the issue.

16. The senior leader was none other than Abe Shinzo, acting LDP secretary-general and Koizumi's probable successor. A Japanese foreign ministry spokesman stated that the reasons for inclusion of Taiwan as a security concern were China's increasing military spending, territorial disputes, and incidents at sea..

17. Chinese text of the "Law Against Splitting the Country" (March 14, 2005) is in <http://tw.people.com.cn/GB/14810/3240911.html>.

18. *China's National Defense in 2004* states: "The United States is realigning and reinforcing its military presence in this region by buttressing alliances and accelerating deployment of missile defense systems. Japan is stepping up its constitutional overhaul, adjusting its military and security policies, and developing the missile defense system for future deployment. It has also markedly increased military activities abroad" (PLA Daily 2004, p. 2).

19. For example, the PRC foreign ministry has stated that the U.S.-Japan alliance should be "a bilateral arrangement" and "not target the third party" (*People's Daily Online* 2005).

20. A count of visits to Japan by Chinese presidents, premiers, vice-premiers, and foreign ministers, and to China by Japanese prime ministers and foreign ministers, shows the following: a total of 4 between 1972 and 1981; 6 between 1982 and 1989; 14 (including 3 at third-country sites) from 1990 to 2000; and only 4 (including 1 in a third country) from 2001 to 2004. No high-level exchanges have taken place since 2002. Compiled from Chinese and Japanese government online sources by Tim Stoddard, a graduate student at Portland State University.

21. See for example the PRC foreign ministry's statement in November 2005 that ruled out bilateral meetings with Koizumi at three different upcoming Asian gatherings, including ASEAN+3. Xinhua, November 30, 2005, at <http://www.chinadaily.com>, accessed on December 1, 2005.

22. See his statement on the sixtieth anniversary of the end of World War II in the Pacific, August 15, 2005, at http://www.kantei.go.jp/foreign/koizumispeech/2005/08/15danwa_e.html.

23. For instance, in May 2005 three prominent Japanese politicians visited Beijing and lent strong support to China's stance on Taiwan, the history of Japanese aggression, and Sino-Japanese relations. See the Xinhua (Beijing) broadcasts of May 8 and 22, 2005, as monitored by the BBC/Asia Pacific, same dates.

24. John Bolton, speaking when he was the U.S. undersecretary of state for arms control and international security, lauded Japan's growing assertiveness, citing its claims to the Sensaku islands. Japan "is moving in the direction of what a number of Japanese politicians and commentators call the idea of a normal nation," Bolton said. Agence France Presse, February 10, 2005, in NAPSNet Daily Report, same date.

25. As part of a new draft constitution, the Liberal Democratic Party, which gained a strong majority in the Diet following September 2005 elections, proposes under article 9 to recast the 240,000-man SDF as a "self-defense military" and affirm Japan's right to exercise collective self-defense. What these changes might mean in practice has yet to be spelled out. See the editorial "Constitutional Revision: The LDP Apparently Put Off Debate on Article 9," *Asahi Shimbun* (Tokyo), October 31, 2005, online at www.asahi.com/english.

26. The Chinese reaction to the proposed changes.

27. Chinese and Japanese navy vessels have confronted one another in the East China Sea, where China has a natural gas project in disputed waters. In November 2004 a Chinese nuclear submarine was discovered operating in Japanese territorial waters, leading to a PRC apology. Naval confrontations also occurred in the fall of 2005. Disputes between nationals of the two countries have occurred periodically in the Diaoyutai/ Senkaku Islands that both claim.

28. Unfortunately, when Koizumi visited Bush in June 2006, the two leaders reaffirmed the 2+2 understanding. See "Fact Sheet: The Japan-U.S. Alliance of

the New Century,” at <http://www.whitehouse.gov/news/releases/2006/06/print/20060629-2.html>.

29. For fuller discussion on these and other elements of a cross-Strait peace process.

30. As is being noted more and more often, China’s huge foreign reserve holdings—over \$800 billion at the end of 2005—and their recycling in U.S. securities are important to financing the U.S. budget and trade deficits, and therefore to interest rates. Washington can ill afford to alienate China and see those investments decline. Likewise, the movement of some of Japan’s largest manufacturing plants to China makes China’s economic security a prime concern for Japanese governments.

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CHAPTER 8

Sea Power, Law of the Sea, and a Sino-Japanese East China Sea “Resource War”

James C. Hsiung

Another dimension to the current Sino-Japanese conflict is the contest for the vast seabed oil and gas resources in the East China Sea as well as for the control of the sea's access. This in turn accounts for the impasse over the conflicting interpretations of the modern law of the sea and, ultimately, exacerbates the parties' contention for sea power. Because sea power provides the larger context for the Sino-Japanese East China Sea disputes, a few words are in order for its rising importance in the new century.

Sea Power and Naval Power in the Twenty-First Century

First, because of the rise of geoeconomics beyond the end of the cold war, the economic uses of the sea far eclipse its military use. The whole subject of sea power is thus more complex than it once was in the age of Alfred Mahan. In the emergent age of sea power, as Eric Grove (1990, 3 and 31f) perceptively notes, the states that possess the most powerful navies (hence, naval power) do not possess the world's largest merchant fleet. The United States, the largest naval power, was by the end of 1986 out-ranked in merchant shipping by Liberia, Panama, Japan, and Greece.¹ Neither Liberia nor Panama—together accounting for 26.6 percent of the world's total deadweight tonnage of merchant ships—has a navy, only a few patrol boats. Japan, which ranks third in the world in merchant shipping, however, is an exception. With almost 9 percent of the world's tonnage (56 million deadweight tons) of merchant ships, Japan has an “ocean going navy” (Jean L. Couhat 1988, 283). By comparison, the United States is only third in merchant ship ownership (as distinct from merchant shipping, which is measured by ship registry), behind Japan and

Greece, despite its most powerful navy. Thus, in the new age, sea power is not coterminous with naval power.

Second, with the enclosure of 200 nautical miles of exclusive economic zone (EEZ) beyond a coastal state's 12-mile territorial sea, as authorized by the Third Law of the Sea Convention of 1982, the high seas have shrunk to only about 64 percent of the world's total sea area. What Mahan called "wide commons" is increasingly fenced. All this change has prompted Geoffrey Till (2003) to remark that *maritime geography*, rather than military power, is seen as the main criterion for deciding who owns what bit of sea.

Third, with the increasing importance of seaborne trade, protection of commercial shipping is, potentially, just as important as in the days of the sail (Grove 1990, 15). But a return of the "convoy system" (the direct escort of ships by warships), harking back to the Mahanian age of naval power, is not in the cards. Those who rely on naval power to control the seas in order to assure the safety of the sea lanes may opt to rely more on submarines and, by extension, on the power of submarine-launched ballistic missiles (SLBMs). The latter, incidentally, has another strategic importance in the event of an acute naval-power contest in that it can thwart the security guaranteed by theater missile defense (TMD) and national missile defense (NMD) systems. To the extent that both TMD and NMD are mainly poised against frontal nuclear attacks, SLBMs are a cheap counterforce that can exploit the enemy's vulnerable flanks. Not surprisingly, both the United States and Japan, with superior naval power and a joint program to develop a common TMD system in East Asia, have reasons to fear China's strategy of developing a strong submarine force armed with SLBMs.² This is why the episode of a brief entry, admittedly "by [navigational] mistake," of a Chinese Han Class submarine into Japanese territorial waters in November 2004 became such an alarming event for Japan (Gao 2005: 27).

Fourth, in the age of increasing resource scarcity, the potential for an armed conflict increases when known (or even suspected) seabed resources are at stake, such as in the East China Sea and the South China Sea (Ngee 2000: 5). Given these circumstances, it becomes instinctive for states to possess a Mahanian kind of naval supremacy, at least over their territorial sea and EEZs, in order to secure their national interests. When sea routes are absolutely essential for access to vital resources (such as oil) from far-away sources, a strategy that can be used against an opponent state is "sea denial," a throwback to the *guerre de course* of traditional times (Grove 1990: 15). This is why the Chinese are especially jittery about a presumed threat of sea denial posed by Japan to their access to the sea. China has a coastline 10,800 miles (18,000 kilometers) in length, but its exits to the sea run into the exclusive economic zones (EEZs) of

neighboring states, including the two Koreas and Japan. The last is a geographic "opposite" state whose long coastline, interrupted by gaps, linking the islands of Japan proper with the Ryukyus (Okinawa), is parallel to the Chinese coastline. The maritime territory claimed by Japan, which in the Chinese view far exceeds what is allowed under the law of the sea (see below), obstructs Chinese access to the seabed oil and gas resources over which China claims sovereign rights under the same law. Because Japan claims its EEZ extends to the disputed Diaoyutai/Senkaku Islands (see Suganuma's Chapter 9), which is under 200 nautical miles from the Chinese coastline and is claimed by China, its sea-denial threat actually extends into China's own maritime territory. The only open entry left for mainland China to the high seas is through the Taiwan Strait. Even there, it has to be careful not to trespass into the other half of the Strait shared with Taiwan, as the latter remains outside the jurisdiction of the People's Republic of China (PRC), or mainland China, and claims a separate identity, which has the backing of Japan and the United States.

The PRC's stakes in keeping the sea open are evidenced by its heavy dependence on seaborne trade, as 50 percent of the country's GDP is from foreign trade and 70 percent of its oil supplies is imported. An estimated 60 percent of the ships that sail through the busy, strategic Strait of Malacca, linking the South China Sea and the Indian Ocean, are en route to and from China, mostly carrying oil from the Middle East (Qi 2004: 11).

By necessity the Chinese have been carefully building up sea lanes from the South China Sea to the Middle East to protect their energy interests. Part of the reason they place so much emphasis on sea lanes through the South China Sea is, presumably, that they want to avoid direct confrontation with the Japanese presence in the East China Sea. But the Chinese move was interpreted by Pentagon, in a report to Secretary of Defense Rumsfeld, as a sinister move by China for military gains (Gertz 2005).

Fifth, owing to the facts of geography, the oceans cover three quarters of the earth, and 87 percent of the world's oil reserves are in the seabed. Thus, as we shall see below, the East China Sea, especially in the Xihu Trough area, is the last remaining, richest, as-yet unexploited depository of oil and natural gas. As such, it is the prize for the contest between China and Japan. The two neighboring states are among the world's top importers of primary energy. Oil reserves alone in the East China Sea are estimated by Western sources at 100 billion barrels (Valencia 1989: 48). The rich wealth of oil and gas resources under the bed of the East China Sea, therefore, is a source of great conflict that is further exacerbated by the latent competition for sea power dominance in the region. Although maritime geography and the law of the sea seem to be

on the Chinese side, Japan is not likely to budge from its present position because the 1982 Law of the Sea Convention is subject to different interpretations in accordance with two cardinal principles for maritime delimitation, as we shall discuss below. Whether or not the final resolution will be decided by naval power depends on the success or failure of diplomacy, and ultimately on whether rationality will triumph over the base instinct that has marred Sino-Japanese relations since traditional times (going back to the sixteenth century).

The Duel over East China Seabed Oil and Gas Resources

Two Applicable, but Potentially Conflicting Principles of Maritime Delimitation

The East China Sea Basin is vast, but its exact scope varies with different estimates. Western sources usually agree on a total of about 300,000 square kilometers (or roughly 162,000 square nautical miles) (Ji 1995). But according to a Chinese source, it covers a total area of 770,000 square kilometers (or 415,766 square nautical miles).³ It is shallow, with water depths of less than 200 meters except in the Okinawa Trough along the Japanese coast. The seabed slopes gently from the Chinese coast until it drops abruptly into the Okinawa Trough (which the Chinese call the Sino-Ryukyu Trough), whose depth reaches nearly 2,300 meters at its deepest. China holds that the Okinawa Trough, which does not follow the Japanese coastline closely, proves that the continental shelves of China and Japan are not connected and that the Trough serves as the boundary between them (Ji 1995, 6). The Japanese demurrer notwithstanding, the Chinese position seems to find support in the International Court of Justice's (ICJ) ruling in the *Case Concerning the Continental Shelf* (Libya vs. Malta). "If there exists a fundamental discontinuity between the [continental] shelf area adjacent to one Party and the [continental] shelf area adjacent to the other," the Court said, "the boundary should lie along the general line of the *fundamental discontinuity*" (emphasis added; ICJ Judgment of June 3, 1985).

According to the LOS Convention, one of the two applicable principles for delimiting maritime boundaries, or determining who owns what part of this expanse of the sea, and hence its seabed resources, is to follow the natural prolongation of the continental shelf. Article 76(1) defines a coastal state's continental shelf as comprising "the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the *natural prolongation* of its land territory to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured" (emphasis added). In a subsequent paragraph, however, the same article (Art. 76[6])

provides that "on submarine ridges, the *outer limit* of the continental shelf shall not exceed 350 nautical miles from the baselines from which the breadth of the territorial sea is measured" (emphasis added). China adheres to this principle of the natural prolongation of land territory, holding that "[t]he East China Sea continental shelf is the natural extension of the Chinese continental territory. The People's Republic of China has inviolable sovereignty over the Chinese continental shelf."⁴ Thus, as one writer (Ji 1955, 5) points out, the Chinese continental-shelf claim extends all the way to the axis of the Okinawa Trough (about 350 nautical miles from the China coast), enclosing essentially all of the petroleum potential in the East China Sea.

The other equally applicable principle enshrined in the LOS Convention for delimiting maritime boundaries, such as in the East China Sea under contention, is by reference to the coastal states' respective exclusive economic zones (EEZ). Article 57 of the Convention defines a coastal state's EEZ as not extending beyond 200 nautical miles from the straight baselines from which the breadth of the territorial sea is measured.

Japan and China are two states with opposite coasts, but the body of waters between them is less than 400 nautical miles in total. The width (east to west) varies from 180 nautical miles at the narrowest points to 360 nautical miles at the widest. It is 1,300 kilometers (or 702 nautical miles) in length from north to south.⁵

Thus the two EEZs present a serious overlap problem, since each of the geographically opposite states is entitled to claim 200 nautical miles, beyond the straight baseline, to be its exclusive economic zone. Theoretically, a solution is provided in Art. 74(1): "The delimitation of the exclusive economic zone between States with opposite or adjacent coasts shall be effected *by agreement on the basis of international law*, . . . in order to achieve an *equitable* solution" (emphasis added). I should add that Art. 74(1) does not just make a reference to international law, it specifically mentions "international law, as referred to in Article 38 of the Statute of International Court of Justice." For the layperson, let me explain that Art. 38 of the ICJ Statute declares that international law does not merely consist of treaty law, but equally derives from custom and "general principles of law of civilized nations," plus teachings of publicists and judicial decisions, as subsidiary sources of international law. The specific wording in Art. 74(1) of the LOS Convention, therefore, is so chosen as to drive home that in arriving at a mutual agreement regarding delimitation of their EEZ boundaries, the geographically opposite states should take a wider consideration of all facts and norms within the context of general international law, thus defined, which is larger than the law of the sea per se.

In the absence of a mutual agreement, the Japanese unilaterally drew a "median line," which is rejected by China on the ground that it is

skewed in favor of Japan. The line not only veers into the Chinese side of what an “equitable” line would be—the middle points between the two opposite coasts—it also meanders to the west to include the disputed Diaoyutai/Senkaku Islands on the Japanese side of the line. Japan considers all waters east of this unilaterally drawn “median line” to be Japanese territory. The Chinese would draw the line quite differently; and it would run in the middle course between the western coastline of the Ryukyus (Okinawa) and the eastern coastline of Taiwan, which Beijing considers to be part of Chinese territory. A line thus drawn, even without the Taiwan part, would have the Diaoyutai/Senkaku Islands in the Chinese EEZ instead.

Japan declared its EEZ in 1996, and China in 1998, in accordance with the LOS Convention. Despite the absence of a mutually agreed middle line, the Chinese began explorations in the 1980s with a view to developing natural gas in the Xihu Trough, a region slightly under 200 nautical miles in a straight line from the nearest point of the China coast baseline, or 215 nautical miles (or 398 kilometers) diagonally to the coastal city of Ningbo, to the northwest. The area is about two-thirds the size of Taiwan and is endowed with natural gas deposits estimated at 300 billion cubic feet. The Chinese grand plan was to build eight oil and natural-gas fields, including the Pinghu, Canxue, Duanqiao, Tianwaitian, and Chunxiao sites, covering an area of 22,000 square kilometers (roughly 11,879 square nautical miles). Among them, Pinghu began operation as early as 1998, with its natural-gas product transported to Shanghai via undersea pipelines.⁶ Pinghu is 45 miles on the west (or Chinese) side of the “median line” drawn by the Japanese.

In response to my inquiry, the Oceanic Strategy Institute of the National Oceanic Bureau in Beijing, brushed aside concerns about the precise distance of the Xihu Trough from the nearest point of the China coast baseline. The reason given was that, from Beijing’s point of view, the whole area is within Chinese maritime territory because it is within the natural prolongation of the Chinese continental shelf.⁷ I disagree with this vague answer, because it matters a great deal whether the Xihu Trough is or is not under 200 nautical miles from the nearest point of the China coast baseline. If it is, then even following Japan’s argument based on the EEZ principle, the entire Xihu Trough would be unequivocally within the Chinese EEZ, thus depriving Japan of any basis for challenging the Chinese claim. Within its own EEZ, according to Article 56 of the LOS Convention, China has “sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, . . . of the waters superjacent to the seabed and of the seabed and its subsoil.”

Work to develop the Chunxiao oil/gas field began in August 2003. The Chinese Offshore Oil Corporation (CNOOC) and the Chinese Petroleum Corporation (Sinopec) entered into a joint-venture agreement

in 2003 with Unocal (the eighth-largest American oil company)⁸ and Royal Dutch/Shell for oil development. Although these foreign companies suddenly withdrew in 2004 under mysterious circumstances, the Chinese went ahead with drilling on their own, beginning in early 2005.⁹

Much (roughly 80 percent) of the Xihu Trough is on the Chinese side of the Japanese-drawn "median line." The Chunxiao oil and gas field, the flagship in the group of eight under development, is 150 nautical miles from the nearest point of the Chinese coast, about 188 nautical miles (348 kilometers) southeast of Ningbo, and 5 kilometers (or 3.1 miles) west of the Japanese-drawn median line. Hence, it properly falls within the Chinese EEZ even by the Japanese measure.¹⁰

If the choice of the Chunxiao site is an example of Chinese self-restraint, staying clear of the controversial "median line," reciprocal self-restraint shown on the Japanese side was Tokyo's past ban on exploration by Japanese companies in the East China Sea. But the ban was lifted in April 2005 when the Japanese government formally announced it was ready to receive applications from Japanese companies for license to develop oil and natural gas in the East China Sea.¹¹ A Japanese newspaper report said that the Japanese Exploration Company and Teikoku Oil Company had been seeking approval to explore oil and gas in an area some 450 kilometers (243 nautical miles) west of Okinawa, Japan's southernmost island, or at least 43 nautical miles into China's EEZ.¹² After Tokyo lifted the ban, approval was promptly granted to Teikoku on July 14, 2005, a move that occurred much sooner than expected.¹³ One wonders about the consequences that will ensue once Japanese firms begin to drill in waters 43 (or more) nautical miles into the Chinese side of the Japanese-drawn "median line."

Already the Chinese Foreign Ministry has lodged a strong protest to the Japanese government for infringing upon China's sovereign rights.¹⁴ Moreover, the Chinese naval and air force units were put on alert against any encroachment by Japanese oil companies on Chinese sovereign rights.¹⁵ But in both these instances, as before, the Chinese warnings were vague, as they merely repeated that China did not recognize the Japanese "median line" but did not specify where an equitable line was or should be. Nor did they define what would amount to an infringement of Chinese sovereign rights, in terms of longitudinal and latitudinal coordinates, either in the EEZ or on the seabed.

The decision by the Japanese government to reverse the ban on exploration by Japanese oil companies in the East China Sea probably reflected an official unease fueled by reports that the Chinese Chunxiao mining field construction was nearing completion no later than October 2005. When completed, Chunxiao was expected to supply 2.5 billion cubic meters of natural gas annually to the Greater Shanghai area via

undersea pipelines.¹⁶ The Japanese unease was explained in graphic, highly imaginative terms by Japan's trade minister, Shoichi Nakagawa. Confronting a Chinese negotiator face to face, Nakagawa dramatically dropped two straws in a glass of orange juice and, foregoing customary Japanese politeness, complained that China was about to "suck out Japan's resources with a straw." A recent seismic ship survey, he said, found that the two deposits under development by China, presumably including Chunxiao, "extend into Japanese economic waters."¹⁷

Regardless of its validity, one thing is certain: the "sucking straw" problem flaunted by Nakagawa finds no solution in the law of the sea as codified in the voluminous 1982 Convention, which contains 320 Articles in 17 Parts, plus 9 Annexes. No wonder, as was said by Jeffrey Kingston, an American scholar in Japan (quoted in the same *New York Times* report), "The exclusive economic zone is a microcosm of the Sino-Japanese rift," implying that much of it does not lend itself to legal solution or even rational reasoning. And no wonder China's offer for joint development with Japan, shelving the sovereignty dispute, was promptly rejected by Tokyo. Likewise, Japan's demand for copies of Chinese survey data regarding their East China Sea explorations and development were also rebuffed by Beijing. What is more puzzling is that it did not seem to occur to Beijing that the same "sucking straw" theory may reciprocally apply to Japanese oil companies, too. For the latter could suck out oil from under the Chinese side of the seabed, especially if they began operating 43 (or more) nautical miles into the Chinese EEZ, as the two companies mentioned above were licensed to do by the Japanese government.

Another equally intractable problem is the sovereignty issue over the disputed Diaoyutai/Senkaku Islands, which defies any solution by reference to the law of the sea, but which has tremendous implications for the sea power contest, as we will note below.

Irredentism and Sea Power: Historical Rights, the Law, and Effective Control

Under the rubric of irredentism, we are lumping together a number of issues, including the question of title to the Diaoyutai/Senkaku Islands, the controversy over Okinotorishima, and the Taiwan factor in the delimitation of China mainland's exclusive economic zone. These issues share something in common, which is the implicit Sino-Japanese duel for control of the East China sea and its seabed resources of oil and natural gas.

The Diaoyutai/Senkaku issue.

Much ink has been spent on who owns this patch of five uninhabited islands and three barren rocks located approximately 120 nautical miles northeast of Taiwan, under 200 nautical miles from the China mainland coast, but a little over 200 nautical miles southwest of Japan's Okinawa.

The dispute between China and Japan over this island group has most often been cast in political and historical terms. Some have invoked international law. The easiest and most sensible way to approach it, as one source suggests, is to see the Diaoyutai/Senkaku Islands as China's *irrendenta*, an area that historically belonged to China but is currently under Japanese control.¹⁸ As is demonstrated in the periodic and widespread demonstrations by Chinese the world over in support of China's claim to the islands, there is a powerful current of irredentism concerning them among Chinese both in and outside China proper. To find an answer as to which country, China or Japan, has a superior claim to the island group, scholars and officials have invoked history and summoned legal arguments in what often are marathon but inconclusive debates.

Nor are the views monolithic in either camp. Respectable Japanese historians, such as Professor Kiyoshi Inoue (1972) of Kyoto University and Professor Tadayoshi Murata (2004) of Yokohama University, for example, citing years of research, have offered dissenting views that differ from those of the Japanese government and have supported China's claim to the islands. In Taiwan, on the other hand, former President Lee Teng-hui has openly echoed the Japanese government's position that the Diaoyutai/Senkaku Islands belong to Japan, to the dismay of many in Taiwan and on the China mainland. After stepping down from office in 2000, Lee publicly admitted that during his presidency (1988–2000) he had ordered Taiwan's navy not to intervene when elements from the Japanese Right built a nearby light tower and planted Japanese flags on Diaoyutai to assert Japanese sovereignty, nor to offer help to private Chinese nationalists from Hong Kong, Taiwan, or mainland China who were forcibly driven off by Japanese naval vessels, which thwarted their attempts to land on the islands in a countermove to assert Chinese sovereignty.

From the standpoint of international law, the Sino-Japanese dispute really boils down to which country has the superior claim to title over the islands. The question has to be answered from both the standpoints of history and the law. The best documentation on the two nations' competitive claim based on history, to my knowledge, is provided by the two Japanese historians mentioned above. Prof. Inoue (1972), for his part, has compiled a massive amount of evidence to show that (a) the Diaoyutai/Senkaku Islands were not part of the Ryukyus, which were a Chinese protectorate from before 1895 until Japan annexed it and renamed it *Okinawa*; (b) the islands were detached from Japan at the end of World War II as a U.S. occupied territory, used primarily as a shooting ground, until 1972, when administrative rights over it were turned over to Japan; (c) they were part of Taiwan under the Manchu Dynasty of China until 1895 (even the Ryukyans recognized this); and (d) the earliest record of

Chinese presence in the islands dates from 1532, or 363 years before Japan came upon them and called them Senkaku. Agreeing with Inoue, Prof. Murata (2004) has gone back even earlier and found that Diaoyutai was included in the Chinese defense networks against the encroachments of Japanese pirates that frequented southern Chinese coasts in the Ming Dynasty (1368–1644).

The official Japanese position is that the Senkaku Islands were returned as part of Okinawa (previously the Ryukyu Islands) in 1972 by the United States. If so, from the point of view of international law, Japan would have to prove beyond reasonable doubt that the United States had sovereign title to Diaoyutai/Senkaku before turning it over to Japan. It is plain that Japan could not have gotten something that the United States did not have in the first place. This reasoning was inherent in the decision of the classic *Island of Palmas* case (United States v. Netherlands, 1928), in which the Permanent Court of Arbitration (PCA) rejected a U.S. argument that it had inherited sovereignty over Palmas Island from Spain after the Spanish-American War. After reviewing the long history of contention between Spain and the Netherlands, the PCA ruled that the latter's claim to title to Palmas Island was superior, with the result that Spain never had acquired valid sovereign title; hence the United States could not possibly have inherited something that the Spanish never had (2 UN International Arbitral Awards 829).

According to one authoritative source,¹⁹ the U.S. government, in answering inquiries from a Chinese-American civic group categorically stated that the United States had only exercised “administrative rights,” not sovereign rights, over Diaoyutai/Senkaku between 1951 and 1972, when it was turned over to Japan. Furthermore, in order to establish that Diaoyutai/Senkaku was “returned” to Japan (by the United States) as *part of Okinawa*, Japan would have to produce convincing evidence that it was part of Ryukyus (today's Okinawa) in history, which even the Ryukyans said it was not (according to Inoue's study cited above).

It is not my intention to rehash the debates or try to offer a more definitive answer here. I would like, however, to point out one crucial, but rarely articulated, consequence (for their respective maritime boundaries) that would ensue from a change in the answer to the question of who between the two claimant states ultimately wields title to the Diaoyutai/Senkaku Islands.

Sovereignty over Diaoyutai/Senkaku, if granted to China, would arguably²⁰ enable the Chinese to claim sovereign rights over the continental shelf plus the exclusive economic zone to the north and east of the islands. This would give China exclusive economic rights to the whole southern portion of the East China Sea (i.e., south of the 30th parallel), which would include the Xihu Trough in its entirety, not just the 80

percent of it, as noted earlier. In contrast, however, seen from the Japanese side, the Diaoyutai/Senkaku Islands under Japanese sovereignty would likewise entitle Japan to an exclusive economic zone that would extend the country's sovereign rights 200 nautical miles to the north and west, substantially encroaching upon China's continental shelf.²¹ Keeping this in mind, we would have no difficulty coming to grips with the real but hidden reason why each side is so adamant in its own claim and why the dispute is extremely unlikely to be resolved by rational reasoning on the merits of the case.

Many studies of the Diaoyutai/Senkaku question were focused on the oil reserves in the region. But, like the Loch Ness monster that is so much heard about but rarely seen, the oil potentials of these uninhabited islands are really a red herring, compared with what a change in the ownership of the islands could do in altering the boundaries of each side's maritime territory. This point opens our eyes to a similar question, the relevance of the Japanese claim to a few rocks, known as Okinotorishima, lying some 1,740 kilometers (940 nautical miles) southeast of Tokyo in the Pacific Ocean, to which we shall now turn.

Okinotorishima

Despite its vast distance and its seeming insignificance as a group of uninhabited rocks submerged under water during high tides, Tokyo claims that Okinotorishima is Japan's southernmost "island," falling under the direct jurisdiction of the Tokyo prefecture. In doing so, Japan raises the possibility that the islet confers fishing and other economic rights in a surrounding exclusive economic zone. According to Article 121 (2) of the LOS Convention, however, "[r]ocks which cannot sustain human habitation or economic life of their own shall have no exclusive economic zone or continental shelf."

Unlike the case of Diaoyutai/Senkaku, which has potable water and tillable soil, and, as records show, had at one time sustained human habitation and economic activity during Manchu China (in the nineteenth century), Okinotorishima is a patch of barren rocks that does not qualify to have its own EEZ or continental shelf. It is not clear, though, whether the rocks can claim to have a territorial sea. Nonetheless, the Tokyo Metropolitan Government has already decided to invest 500 million yen (US\$4.65 million) to subsidize fishing near the rocks and has plans to set up an electric power plant. Japan's central government is also stepping up measures to strengthen the nation's claims, saying it plans to install a signpost and a heliport and to upgrade radar equipment there. While the islet is not known to have any rich resources, Tokyo Governor Ishihara Shintaro, following a recent visit to Okinotorishima, revealed the ulterior motive regarding Japan's strategic stakes in stretching the law of the sea. The island, said the nationalistic governor, "stands between Guam—America's strategic

base—the Taiwan Strait, China, and areas near Japan where there may be conflict in the future.”²² Ishihara said China was more likely to have more submarines active in the region than the United States in the coming years. “Wouldn’t it be interesting if a Chinese submarine appeared?” joked Ishihara, who is openly known for his anti-China rhetoric.

But, Ishihara’s joke was no joke. Until he raised the hypothetical question, one could not but wonder what difference it would make whether Okinotorishima was a rock or an island. But his revelation of Japanese worries about the possible intrusion of Chinese submarines in this remote area reveals a shielded motive, that of hopefully creating an otherwise non-existent Japanese exclusive economic zone surrounding a fictitious island in order to prevent Chinese access (hence an act of sea denial).

China, for its part, does not directly challenge Japan’s sovereignty claim over Okinotorishima, but says it is a rock, not an island, which means that under the modern law of the sea it is not entitled to an EEZ surrounding it. The contrasting positions of both governments on this islet shed light on how nations may choose to follow or flout (even torture) international law to suit their own needs. The lesson seems to confirm what is likewise happening in another area, in the Sino-Japanese dispute over the East China Sea oil and natural gas resources, as noted above.

The Taiwan factor in the delimitation of maritime boundaries in the East China Sea

Strictly speaking, Taiwan does not enter into the Sino-Japanese territorial dispute in the East China Sea. But the existence of Taiwan as a discrete political entity beyond mainland China’s effective control does complicate, even substantially vitiate, the latter’s maritime territorial claims, at least in part. For instance, there is a *de facto* “middle line” separating the two sides of the Taiwan Strait. And Taiwan is ever vigilant against oil explorations by mainland China in the Strait.²³ In observing this *de facto* division, Beijing’s claim of an exclusive economic zone seaward from the south China coast opposite Taiwan is likewise faced with a *de facto* curtailment. What is particularly relevant to this discussion is its implications for the PRC’s claim to the Diaoyutai/Senkaku Islands. In terms of geography, as noted, the islands are a shorter distance away from Taiwan (120 nautical miles) than from the China mainland (200 nautical miles). In terms of domestic jurisdiction, they are administratively part of Taiwan’s Yilan county. Most important of all, they are within Taiwan’s 200-nautical-mile exclusive economic zone. If Beijing’s effective rule extended (as it does not) to Taiwan, then the islands would be within the PRC’s EEZ. Not only that, in that case, the PRC’s EEZ would move further east, extending 200 nautical miles from Taiwan’s eastern coast seaward toward the direction of Okinawa. The result would further weaken the legitimacy of the Japanese-drawn “median line” and push an “equitable” middle line

further toward the Japanese side. In that case, the PRC's claim to the entire Xihu Trough would be decidedly strengthened, thus eliminating Japanese claims to any part of the seabed resources in the Xihu Trough. In that case, there would be no "sucking straw" problem for Japan to speak of.

This is not wishful thinking. It shows how the legal mind turns (or should turn) in approaching a topic as complicated as the East China Sea dispute. The political mind, however, would turn differently. For those with their political mind turning, the China-Japan rivalry in the East China Sea augured ill for peace in the region and beyond. "The rivalry . . . is only likely to get worse and this could undermine Northeast Asian peace and stability as well as U.S. interests," predicted Peter Brookes, a former senior defense official in President George W. Bush's administration, who now directs the Asian studies center at the Heritage Foundation. Similar concerns were aired by Edward Lincoln, an East Asian expert at the Council on Foreign Relations, who saw U.S. strategic implications at stake if the conflict between the two Asian giants would deteriorate or even continue at its present level of hostility.²⁴ Noting that the Bush government has worked to improve the tone of official U.S. relations with China, Dan Blumenthal, a former senior director for China, Taiwan, and Mongolia at the U.S. Defense Secretary's office, notes that its real relationship building has been focused on Japan: "A stronger alliance with Japan clearly benefits the United States in its long-term competition for influence with China."²⁵ As if acting on cue, Japan seemed to be endeavoring to draw Taiwan into the equation of the security of Northeast Asia, with the apparent intent of pressing the United States into a common cause with Japan, which would steel the latter's spine in dealing with the Chinese. With this point in mind, one suddenly could understand why, at a press conference following a meeting in Washington on February 19, 2005, Japanese Foreign Minister Nobutaka Machimura was so anxious to articulate an alleged consensus that would include Taiwan in the United States-Japan joint defense perimeter. By contrast, however, the official statement, issued at the end of the joint conference involving U.S. Secretaries of State and Defense and their Japanese counterparts, did *not* substantiate Machimura's point. In the section on "common strategic objectives," the official joint statement, in black and white, merely contained a vague exhortation to unnamed parties that the Taiwan issue be resolved peacefully "through dialogue."²⁶

Besides, another complicating feature in the Taiwan factor is that Taiwan (whose official name is Republic of China, or ROC) is not a party to the LOS Convention. This was the result of the ROC's "expulsion"²⁷ from the United Nations in 1972 under G.A. Resolution 2758, when Beijing took over the China seat in the UN, Taiwan has been precluded

from all United Nations activities ever since, including the negotiations leading toward the conclusion of the LOS Convention. Given this fact, is the LOS Convention applicable to Taiwan? This is not just a tantalizing academic question. Its practical implication is this: What law, if not the LOS Convention, should govern the maritime boundaries between Taiwan and Japan, such as over Diaoyutai/Senkaku? Although Taiwan (under the name of ROC) is a party to the 1958 Convention on the Continental Shelf, that treaty is not as comprehensive as the 1982 LOS Convention. For instance, it has nothing to say on issues like territorial sea and EEZ. By the same token, what law should govern the maritime boundaries between Taiwan and mainland China (other than ad hoc bilateral agreements or understandings as a “domestic” matter)? As Beijing considers Taiwan a renegade province of China, is international law relevant in the event of maritime territorial bickering between them? In any event, the mainland-Taiwan rivalry further complicates the PRC-Japan boundary disputes in the East China Sea, only making solutions more difficult.

Prospects for a Resolution of the Dispute?

As seen above, the stakes are high, the issues in contention are very much entangled, and the positions of the parties are wide apart and hopelessly entrenched. Under the circumstances, what are the chances of a peaceful resolution of the dispute? As member states of the United Nations, China and Japan are required to settle all their disputes by peaceful means under Art. 2(3) of the UN Charter. Likewise, Art. 279 of the LOS Convention requires that all parties to the Convention settle their disputes concerning the interpretation or application of the Convention by peaceful means. The same article makes a reference to the means of peaceful settlement suggested in Art. 33(1) of the UN Charter, which include negotiation, inquiry, mediation, conciliation, arbitration, judicial settlement, etc. Furthermore, under Art. 280 of the Convention, the parties may settle their disputes by “any peaceful means” they may choose. The modern history of peaceful settlement of disputes, since the Hague Conferences of 1898 and 1907, seems to suggest that direct negotiation is the mode most frequently chosen by states seeking a peaceful settlement of their disputes. The usual reason is that states feel they have more control of the situation on hand when engaged in direct negotiation.

In their quarrels over how the law of the sea should be applied to the delimitation of their maritime boundaries in the East China Sea south of the 30th parallel, China and Japan can be reasonably expected to prefer direct negotiations. However, a preliminary review of their disparate positions and the issues in contention, including the ones already alluded to above, seems to suggest many insurmountable obstacles. For example, as

noted before, the first obstacle to overcome is how to reconcile the two equally applicable principles enshrined in the LOS convention for delimiting maritime boundaries, namely, the natural prolongation of the continental shelf, and the extent of a coastal state's exclusive economic zone. The geomorphology of the East China Sea region in contention is unique in that it encompasses two opposite states, one of which is a continental mainland, and the other an island chain cut off by a number of water gaps. While China, following the natural-prolongation principle, can claim that its continental shelf continues 350 nautical miles through the 200-meter isobath all the way to the Sino-Ryukyu Trough (Okinawa Trough), where the gentle slope of the shelf suddenly drops to 2,300 meters deep, it is not clear how Japan can claim the Okinawa Trough as a natural prolongation of its coast, because, as noted above, it does not follow the Japanese coast closely. In other words, there is no compatibility between the two opposite coasts.

Japan may invoke the equidistance principle in order to establish a "median line" to divide up the continental shelf, as is often done by states with continental shelves opposite or adjacent to each other. A median line is a line every point of which is equidistant from the nearest points of the respective baselines from which the breadth of the territorial sea is measured on either side. A meticulous analyst, Ma Ying-jeou (1982), made a detailed survey of similar cases in the world and found that in order for the equidistance principle to apply, two physical circumstances must be present, namely, comparable coastal configurations and broad equality of coasts. In the absence of either (for instance, the length of China's coast relative to Japan's approximates a 64:36 ratio), he finds that the claim to equidistance "is not supported by either international law as intimated [sic] by international tribunals, state practice, or the changing norms of the law of the sea" (193). More explicitly, Ma (165) observed that the "sharply incomparable coast lengths of the Chinese mainland and Taiwan and the scattered Ryukyu Islands render a strict median-line solution *prima facie* inequitable."

As to the usefulness of the EEZ principle as a guide for delimitation, the difficulty arises from the very fact that the expanse of the sea between the China coast and that of Okinawa, is under 400 nautical miles. The overlap problem is not something that can be negotiated away unless both sides can agree to accept an EEZ less than 200 nautical miles. Even if this abridged width of the EEZ is agreed to by the two sides, the remaining unsettled state of ownership of Diaoyutai/Senkaku leaves open the question of what exact base points are to be used for the drawing up of each side's EEZ that will cover the area between Okinawa, on the one side, and Taiwan and China mainland, on the other.

This list of the obstacles to an agreement can go on, but I hope it is enough to illustrate that voluntary direct negotiations may not be as easy a path to a settlement as it might seem to be. The intermediate option, to suspend without prejudice each side's claims in favor of joint development in the interim, is also a non-starter because of Japanese rejection of the idea. Any settlement of the dispute would have to depend on, and begin with, the prior resolution of the disputants' conflicting territorial claims.

Short of a negotiated agreement, however, a natural alternative would be for China and Japan to seek settlement through arbitral or judicial procedures, as provided for in Art. 287 of the LOS Convention. These procedures entail submission of their dispute to any of the following: (a) the International Tribunal for the Law of the Sea, established in accordance with Annex VI of the Convention; (b) the International Court of Justice (ICJ); (c) an arbitral tribunal constituted in accordance with Annex VII; or (d) a special arbitral tribunal constituted in accordance with Annex VIII for one or more of the categories of disputes specified therein.

A lot can be said about recourse to these third-party procedures. In the first place, proceedings before a third-party panel will be conducted in conditions of strict equality and impartiality, obviating the confrontational atmosphere that often plagues direct negotiations. And confrontation is expected to be much more pronounced in the case of China and Japan because of their long-running animosity. Second, deliberations involving scientific and technical matters on a third-party panel—be it an arbitral tribunal or the ICJ—can be aided by experts that are selected in consultation with the disputant parties but who participate without vote, and with a degree of impartiality not normally associated with national experts of the disputant states. Third, an independent panel is not laden with partisan interests and is therefore in a freer position to interpret or apply the appropriate law purely on the basis of merit. Hence, it can speak with a voice of authority carrying the weight of impartiality as no partisan can. Under the circumstances, even if a disputant party should lose and end up with an unfavorable arbitral award or judicial decision, it would not look as bad before the constituency at home as would a defeat or major concession at the direct negotiation table. Full compliance with the terms of the unfavorable award or decision would even make the losing party look great in the eyes of the world not as a loser, but as a law-abiding nation.

By comparison, therefore, third-party procedures such as arbitration or judicial settlement may in reality be more fruitful than direct negotiations if the disputants truly desire an equitable settlement. Needless to say, either

alternative would be better than the grandstanding or name-calling that has thus far dogged the running dispute between China and Japan.

Concluding Remarks

By way of closing, I wish to make two points. The first concerns the justiciability of international disputes. In international law, justiciability refers to the susceptibility of a dispute to peaceful settlement by legal means. As Sir Hersch Lauterpacht (1933, 19–20) points out, the non-justiciability of international disputes is rarely due to a lacuna in international law. Even assuming there is a lack of appropriate norms directly relevant to the dispute on hand, he adds, the disputant parties are always free to submit their dispute to some tribunal to be decided *ex aequo et bono* (i.e., by equity and good sense). The China-Japan dispute over the East China Sea oil and gas rights offers another confirmation of this point, for both parties obviously lack the political will to agree to seek an arbitral or judicial settlement. The failure is not due to a lacuna of appropriate norms in international law. Even the “sucking straw” question raised by Japanese Trade Minister Shoichi Nakagawa could always be treated *ex aequo et bono* by an international tribunal, even if there is no appropriate norm in general international law or in treaty law (e.g., the LOS Convention) that addresses the question. And the conflict between the two principles of maritime delimitation—i.e., the natural prolongation of the continental shelf, and the EEZ—is likewise justiciable if the parties agree to submit their dispute to a third-party mode of settlement. Admittedly, however, the implicit contest on the sea-power front, which further complicates the legal issues, will prevent the dispute from any easy settlement, negotiated or judicial.

My second point concerns a disturbing challenge posed by the dispute to a very important theory in international relations, as I shall explain: In an attempt to avoid repeating the same mistakes committed by the victor powers following World War I, the victor nations led by the United States at the end of World War II willfully built a new international economic order (principally the Bretton Woods system and the GATT) that was conceived in a liberal economic theory of peace. The theory consists of two arguments: (1) Free trade substantially reduces the number of targets to which force might be applied in the pursuit of state interests (cf. Knorr 1973: 196; Keohane and Nye 1977, 28). (2) Free trade increases the vulnerability of actors because of their increased interdependence, making them disinclined to entertain the risks of resorting to force (Keohane and Nye 1977, 28–29; Tucker 1977, 174–75; and Gilpin 1975, 227).

Both arguments boil down to a belief in free trade—hence a free, non-protectionist world market system—because if values or natural resources can be freely exchanged or obtained from the international free

market, nations have no reason to go to war to obtain the same at much higher costs. Besides, as an addendum to the theory, if the free world market contributes to the economic development of nations, then they become truly interdependent as a result, hence loath to the use of force against each other. The theory, as such, has been borne out by developments in the international system in the decades since 1945, which other than the cold war (and the proxy wars spawned in its shadow) have witnessed no major armed conflict between the world's major powers. And, since 1985, there have been no international wars, strictly speaking. All armed conflicts have taken place within national boundaries; hence they have been civil wars, including the so-called "non-international wars" fought by the components of the disintegrating Yugoslavia.

What we are witnessing in the conflict between China and Japan, in our study here, is a development that the liberal economic theory of peace purported to preclude. Both Asian countries have benefited from the post-World War II free market system and both have attained spectacular economic success (development), as the theory foresaw. But, what was not foreseen was the aftermath of their success, the creation of an ever increasing, insatiable consumption system at home, including an ever-growing appetite for energy, which in turn has led to their competitive bid for access to available natural energy resources, thus spawning a different kind of clash, a "resource war," as it were. The conflicting claims by China and Japan, each in its own way accommodating to the niceties of the law of the sea as regards maritime delimitation, cannot masquerade fact that they are locked in a "resource war." The situation will only get worse with the shifting of the world's energy "demand center" from North America to Asia in about a generation.

To reiterate, their dispute over the oil and gas rights in the East China Sea bespeaks the two Asian countries' phenomenal economic success, owing to the global free market system in place. But, the monster of success that the system has spawned cannot be contained by the system itself. This is an ironic commentary on the limits of the liberal economic theory of peace. That it is in need of renewal or modification to accommodate the offshoot "resource war" syndrome, is driven home by the unfolding of the Sino-Japanese conflict over the East China Sea resources.

The word "war" used in "resource war" here is not entirely figurative. Like the cold war, the resource war has its hidden potential explosive side. If the disputant parties do not calibrate their moves and contain their dispute from escalating, a hot war might ensue in its wake. Thus far, the Chinese have confined their prospecting and exploitation activities on the Chinese side of the Japanese-drawn "median line," despite their rejection of the line as inequitable, as noted above. We have also noted, however, that in April 2005 the Japanese Government approved

the license applications from two Japanese firms, Japanese Exploration Company and Teikoku Oil Company, which wanted to dig for oil under waters at least 43 nautical miles into Chinese maritime territory. When their digging actually starts and breaches into the Chinese side of the Japanese "median line," and if Chinese military's violent reaction is met by similarly violent, armed response by the Japanese SDF, then a hot war would result. In fact, a catastrophe may not be that remote. In early August 2006, the CNOOC announced that the Chunxiao Oil and Gas Field would soon become operational in producing gas, to be supplied through pipelines to the Shanghai area. Immediately, according to the *Nihon Keizai Shimbun*, the Japanese Foreign Ministry protested and demanded the Chinese to cease operation at Chunxiao, threatening unspecified retaliation.²⁸ What if neither side backs down from this confrontation? An armed clash may erupt sooner than one might assume. On top of it, the likelihood of the present bickering degenerating into a hot war, in the present circumstances, is further enhanced by complications arising from strategic calculations by the parties to attain sea-power dominance in the emergent age of the sea, over the control of the East China Sea.

In the final analysis, naval power and sea power, although separate and distinct by themselves, have a perverse way of converging in a resource war like the one involving China and Japan over the coveted seabed resources of oil. The ugliness of it is that the East China Sea conflict may be the harbinger for similar resource war cases elsewhere yet to come, as 87% of the world's oil reserves are in the seabed. I have my sights trained farther away from the Asian region, on the Caspian Sea, for example. Surrounded by Russia, Iran, and several of the former Soviet republics, such as Khazakstan, Turkmenistan, Azerbaijan, and Armenia, the Caspian Sea is likewise known to have rich oil deposits in its seabed. Would it be the next site of a "resource war" similar to the one unfolding between China and Japan? One wonders what other area would be next after that. This fact confirms the unflinching rise of a new age of sea power, punctuated by a neo-Mahanian return of naval power to be the final arbiter in the event a hot war develops from what begins as a resource war of bickering about who owns what part of the seabed resources. In this sense, the current China-Japan feud over the East China Sea may not be an isolated affair. Only its intensity is unique, because it is complicated by a long legacy of mutual animosity.

Notes

1. "General Council of British Shipping, Statistical Brief, First Quarter 1987," Table 3; cited in Grove 1990, 3.

2. The Governor of Tokyo, Ishihara Shintaro, justified Japan's extension of its defense line to the Okinorishima, a group of rocks submerged during high tides

some 1,750 miles to the southeast of Tokyo well into the open waters of the Pacific, by the eventuality of the “appearance” of Chinese submarines. See below.

3. For this information, I am indebted to Dr. Zhu Fenglan of the Institute of Asia Pacific Studies, Chinese Academy of Social Sciences (CASS), Beijing, based on an authoritative study of the late Professor Zhao Lihai of Beijing University.

4. “Statement by the Chinese Foreign Ministry, June 13, 1977,” *Beijing Review*, June 17, 1977, p. 17.

5. I owe this information to Dr. Fenglan Zhu of the Institute of Asia-Pacific Studies, CASS, Beijing.

6. Report in the Chinese-language *World Journal* (New York), April 4, 2005, p. 3.

7. This answer was relayed to me by Dr. Fenglan Zhu of the Institute of Asia-Pacific studies, CASS.

8. This is the American oil company to which CNOOC offered \$18 billion in a bid to acquire it in the summer of 2005; the bid failed due to congressional objection.

9. Information based on “Xihu Trough,” in Wikipedia. On the withdrawal of Unocal and Royal Dutch/Shell, see “Oil Giants Depart Xihu Trough Gas Project,” available at <http://China.org.cn>.

10. Based on the map produced by the Japanese Ministry of Economy, Trade, and Industry, at a April 13, 2005, news conference on Japan’s disputes with China over the East China Sea natural-gas rights, held in Tokyo; as reported in a Tokyo dispatch carried by the *World Journal* (New York), April 14, 2005, p. 1.

11. According to a report sourced from http://news.xinhuanet.com/world/2005-04/25/content_2875771.htm.

12. The width between the Chinese and Japanese coastlines is less than 400 nautical miles at the widest points. An equitable median line should be 200 nautical miles equidistant to both coastlines. Hence, 243 nautical miles from Okinawa would be 43 nautical miles into Chinese maritime territory even if Japan can claim 200 nautical miles for its EEZ. But how much more it would trespass into the Chinese EEZ depends on how much the total span of the sea between the two coasts falls short of 400 nautical miles.

13. As reported in *Qiaobao* [China Press], July 15, 2005, p. 4.

14. NCNA dispatch carried in *Qiaobao* (China Press), July 16, 2005, p. 2.

15. NCNA dispatch, carried in *Qiaobao* (China Press), July 26, 2005, p. B1.

16. See NCNA report, dated April 21, 2005.

17. *New York Times Online*, <http://www.nytimes.com>, May 29, 2005.

18. “The Sino-Japanese Dispute over Diaoyutai/Senkaku: What Price Sovereignty?” *The Ryukyuanist*, no. 63 (Spring 2004), available from <http://www.iaros.org>.

19. Hsueh-chun Sha 1974. Sha, formerly head of the Geography Department of the Normal University, Taiwan, was one of the persons speaking to a spokesman of the U.S. Department of State on the question.

20. Unlike Okinotorishima (see below), Diaoyutai/Senkaku can “sustain human habitation,” given its potable water and tillable soil. Thus Article 121(3) of the Law of the Sea Convention, which excludes rocks from having a continental shelf and EEZ, does not apply.

21. *The Ryukyuanist*, p. 4.

22. “Tokyo Governor Lands on Islet Disputed with China,” *Muzi News*, May 20, 2005, sourced from: <http://dailynews.muzi.com/english/1363615.shtml>.

23. For a report on Taiwan’s patrols in the Taiwan Strait against possible encroachments by mainland China, see <http://chinesenewsnet.com>. I am

indebted for this information to Professor Peter Yu, of Ming Chuan University, Taipei, whose chapter (co-authored with Shawn Kao) appears in this volume.

24. "U.S. Interests at Stake as Japan-China Rivalry Set to Worsen," an AFP report, sourced from: <http://us-politics.news.designerz.com> (5/30/2005).

25. Ibid.

26. Joint Statement of the U.S.-Japan Security Consultative Committee, February 19, 2005, sourced from <http://latelinenews.com/ll/english/1350121.shtml>.

27. Taiwan was expelled as the Republic of China, not as "Taiwan." Hence, I use "ROC" here instead of Taiwan.

28. As reported in *Qiaobao* (The China Press) (New York), August 6, 2006, p. 1.

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CHAPTER 9

The Diaoyu/Senkaku Islands: A Hotbed for a Hot War?

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During the tenure of Prime Minister Koizumi Junichiro, April 2001 through September 2006, relations between Japan and China consisted of an uninterrupted series of disagreements and confrontations. In the words of James Mulvenon, Asia specialist at the Center for Intelligence Research and Analysis in Washington, DC, “This could possibly be the worst period of Sino-Japanese relations since World War II.”² During this period, Sino-Japanese relations were tested by many issues, including visits by Japanese Prime Minister to the ceremonial Yasukuni Shrine³ and oil drilling rights with respect to disputed territory in the East China Sea, etc.⁴ Among these disputes, the territorial boundary in the East China Sea was a fundamental issue with respect to which neither the Japanese nor the Chinese government was willing to compromise. Japan’s uncompromising stance, which seems to have survived Koizumi’s departure from office, is largely influenced by neonationalist movements which have strengthened in political power, prevailing in politics, academic circles, and mass media. Moreover, as China has enjoyed economic expansion since 1978, Japan attempts to reverse economic stagnation since the bursting of its bubble economy in the 1990s. Ironically, the stronger China grows, the more jealous Japan becomes. While Beijing appears to have the upper hand in most disputes between the two countries, Tokyo has been uncharacteristically forceful in challenging China’s influence on the world stage.

This chapter focuses on the Sino-Japanese territorial disputes in the East China Sea, paying close attention to Sino-Japanese relations during the period of 1993 to 2005. It explores why and how Sino-Japanese relations have reached a nadir since World War II by examining Japanese neonationalism and geopolitics, as well as the intricacy of their relationships. The ultimate purpose is to show that a hot war might be inevitable between Japan and China if both governments mismanage their diplomatic

relations regarding the territorial disputes. As I will demonstrate below, the complexity of the territorial disputes involves many peripheral, or cognate, issues, such as the Yasukuni Shrine visits, junior high school history textbook screening, Japanese ODA, and war reparations.⁵ It is impossible to settle the ongoing territory disputes without addressing the peripheral issues, in particular that of the Yasukuni Shrine visits. If these issues are not addressed appropriately, confrontation between China and Japan over the East China Sea is unavoidable.

Introduction

A popular phrase describing Sino-Japanese relations is the J: *seirei keinetsu*/C: *zhengleng jingre*: “politics cold, economics hot.” In recent years, however, this appears to be changing for the worse. The official Chinese media, *Xinhua News*, characterized Sino-Japanese relations in 2005 as sliding from J: *seirei keinetsu*/C: *zhengleng jingre* to J: *seirei keiryō*/C: *zhengleng jingliang*, or “politics cold, economics cool.”⁶ Since Koizumi took office in the spring of 2001, relations with China have been sliding ineluctably toward deterioration. The two nations—Asia’s two major powers—have been at loggerheads over Koizumi’s repeated visits to the Yasukuni Shrine, which honors the nation’s war dead, including war criminals from World War II. Moreover, both countries have faced a longer-term and potentially more threatening clash of national interests in the East China Sea—a territorial dispute in an area where both nations are drilling for oil.

A Geopolitical Overview of the Sino-Japanese Territorial Disputes

The Diaoyu Islands⁷ are located in the East China Sea about 120 miles northeast of Taiwan, approximately 180 miles west of Okinawa, Japan, and approximately 250 miles east of China’s mainland. The islands are a set of eight uninhabited islets including three barren rocks,⁸ which are claimed by China (People’s Republic of China or PRC), Taiwan (Republic of China or ROC),⁹ and Japan. Currently, Japan controls these islands, which “officially” are under the jurisdiction of Ishigaki city of Okinawa prefecture. Until 1968, the Diaoyu Islands were essentially “worthless” islets for both China and Japan, and neither country appreciated their value. But in 1968, all this changed, after the Committee for Co-ordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas, under the auspices of the United Nations Economic Commission for Asia and the Far East (ECAFE), reported substantial energy deposits under the East China Sea.

Based upon the geological survey, however, their value became apparent when it was discovered that the continental shelf surrounding the Diaoyu Islands is estimated to contain between 10 and 100 billion barrels of oil.¹⁰ To date, neither China nor Japan has actually drilled in the disputed area until now, while they lay overlapping claims to the islands and their surrounding waters. Nor has an international solution been possible. Neither country is willing to submit the dispute to the International Court of Justice (ICJ).

In the current debates, two competing views have emerged: One is represented by a pro-China group that emphasizes the use of historical evidence, from the archives of the Ming (1368–1644) and Qing (1644–1911) dynasties. Another view is held by a pro-Japan group focusing on the “discovery” theory in international law, arguing that the Japanese “rediscovered” these islands in 1884, as *terra nullius* (i.e., unadministered territory or no-man’s land). In reality, the Diaoyu Islands have become “hostage” to the disputing parties, Japan and China, since the 1970s.¹¹

The Pro-China Irredentist Claim

The pro-China irredentist claim traces the Diaoyu Islands as far back as the Ming military defense system in the fourteenth century,¹² when the Chinese discovered and named the islands as early as 1403. During the 500-year-old relationships between the Kingdom of C: Liuqiu/J: Ryukyu (which was an independent country until Japan annexed it in 1879), and the Ming and subsequently Qing dynasties, both the Chinese and the Liuqiuan recorded the name of the Diaoyutai Islands in historical documents. In particular, the Chinese envoys recorded the name of the Diaoyu Islands in *Shilu*, or *Shi Liuqiu Lu* (The Record of the Mission to the Liuqiu Kingdom), which contained travel records of the Liuqiu Kingdom, maps, and scholarly works.

Under the 500-year *Pax Sinica*, there were no territorial disputes involving the Diaoyu Islands between China as the suzerain and the Liuqiu Kingdom as a tributary nation.¹³ All evidence, including writings by Liuqiuan scholars, support the pro-China irredentist claim of the Diaoyu Islands. In addition, the pro-Chinese side alleges that the Japanese used Chinese names for the islands as late as 1996¹⁴ and that the Japanese name is copied from a British navy document, recorded into the historical archives as early as the 1950s.¹⁵ It was not until the twentieth century that the Japanese government recognized its name. In 1895, the Japanese stole these disputed islands as a consequence of the Treaty of Shimonoseki, under which China ceded Taiwan, along with the Pescadores and their surrounding islets, to Japan after the Sino-Japanese war of 1894.

The wartime Cairo Declaration stipulated that Japan must return all Chinese territories that it had stolen during the war. And, pursuant to the Potsdam Proclamation, which Japan accepted upon its surrender, Japan agreed to execute the terms of the Cairo Declaration. Based upon these requirements set forth in the Potsdam Proclamation, the pro-China irredentists claim that Japan should have returned the islands to Chinese rule, and that sovereignty over them should have reverted to China. According to the pro-China irredentists, the San Francisco Peace Treaty (SFPT), signed in 1951, did not change ownership of the islands simply because neither Taiwan nor mainland China was invited to the conference, and the PRC has consistently rejected the treaty.¹⁶ Moreover, the pro-China irredentists claim U.S. return of Okinawa to Japan under a 1971 reversion treaty did not vitiate China's claim to the islands because the U.S. government recognized that the treaty did not prejudice any particular claims to them.

The Pro-Japan Irredentist Claim

The pro-Japan irredentist claim points to 1884 when Koga Tatsushiro, a native businessman from Fukuoka prefecture, "rediscovered" both Diaoyu Island and Huangwei Island, one of eight islets of the Diaoyu group. Consequently, Koga started a new business of collecting tortoise shells and other kinds of shells, guano, and feathers of albatross until World War II.¹⁷ By the Okinawa prefecture surveys, the disputed islands were uninhabited and did not have any traces of Chinese control. After the Japanese won the Sino-Japanese war of 1894, the Japanese government, based on the confirmation from the Okinawa prefecture surveys, adopted a cabinet decision that placed the islands under the jurisdiction of the Okinawa prefecture by erecting a territorial landmark on January 14, 1895.¹⁸ But, strictly speaking, as Blanchard notes, "the islands were not transferred to Japan pursuant to the Treaty of Shimonoseki."¹⁹ After World War II, the United States occupied the Okinawa island group (the former Liuqiu Kingdom) until 1972. Although Washington remained neutral on the status of Diaoyu Islands, Japan considers it as part of the Japanese territory known as Nansei Shoto (the Nansei Islands).

During the post-World War II period, the pro-Japan irredentist view claims that the Diaoyu Islands were not included in the territory that Japan renounced under the SFPT with allied nations. Rather these disputed islets were controlled by the United States,²⁰ which occasionally used them for shooting practice. In accordance with the Agreement signed on June 17, 1971, between Japan and the United States concerning the Ryukyu Islands and the Daito Islands, the Diaoyu Islands, being part of the Ryukyu Islands (Okinawa), were explicitly returned to Japan, so claims the pro-Japan irredentist group.

The Disputed Islands as “Hostages”

Cold war geopolitics have changed the geopolitical landscape of the East Asian region. Because of the Sino-Soviet split, the PRC ended its alliance with the Soviet Union in 1960. As tensions between the two Communist nations reached its peak in 1970, the United States capitalized on the conflict to shift the balance of power in favor of the West. In what would later be known as playing the “China card,” President Richard Nixon purposefully improved relations with PRC to gain a geopolitical advantage over the Soviet Union. China successfully entered the United Nations in October 1971, and President Nixon became the first American President to visit “Red” China in February 1972. The “China card” utilized by the United States shocked Japan. In response, Prime Minister Tanaka Kakuei (1918–1993)²¹ rushed to establish diplomatic relations with PRC, despite opposition by some pro-Taiwan and nationalist politicians in his ruling Liberal Democratic Party (LDP). Chinese Premier Zhou Enlai (1898–1976) and Tanaka signed a Joint Communiqué of the Government of Japan and the Government of the People’s Republic of China on September 29, 1972. By agreement the communiqué did not address or even mention the disputed territorial issue.

Since ECAFE disclosed its survey results with regard to the East China Sea in 1968, the clash between China and Japan regarding the disputed islands has been deepening. In October 1970, some overseas Chinese, in particular Chinese students in North America, along with people in Taiwan and Hong Kong, joined hands to form the *Bao Diaoyutai Yundong*, or the “Protect the Diaoyutai Movement,” headquartered at the University of Chicago in the United States. During this period, mainland China was relatively quiet on the question as a result of Beijing’s international isolation and apparent unwillingness to let the dispute stand in the way of normalization of relations with Japan, which took place in the summer of 1972.

On August 12, 1978, despite opposition by some LDP members, Japan and China signed the Sino-Japanese Treaty of Peace and Friendship. The two governments, however, failed to solve the disputed islands issue.²² After the treaty, Deng Xiaoping (1904–1997) publicly stated that the Diaoyu Islands issue should be left to posterity.²³ Neither Japan nor China was willing to work out a solution to the disputed islands when Jiang Zemin visited Japan for his first state visit as President of China in November 1998. The third bilateral document—Japan-PRC Joint Declaration on Building a Partnership of Friendship and Cooperation for Peace and Development—resulted from this visit and was signed by Jiang and Prime Minister Obuchi Kezo (1998–2000). In all the three important documents since 1972, the Diaoyu Islands dispute has been shelved by the two governments.

While both Tokyo and Beijing have been willing to postpone the final settlement of the territorial boundaries in the East China Sea, activists among private citizens in both countries have been eager to fight for sovereignty over the Diaoyu Islands. In 1996, even though mainland Chinese usually maintained a low profile on the Diaoyu disputes, overseas Chinese, in particular in Taiwan and Hong Kong, once again joined forces to provide momentum to the *Bao Diaoyutai Yundong* (Protect Diaoyutai Movement) after right-wing Japanese “repaired” a lighthouse on the disputed islands. The movement spread all over the world, including a 20,000-person march in San Francisco. This was the so-called *Di’er Bao Diaoyutai Yundong* (The Second Protect Diaoyutai Movement). A climactic event was the sending of a shipload of activists from Hong Kong to Diaoyutai in an attempt to “assert” Chinese sovereignty, but it was marred by the drowning of one activist, 45-year-old David Chan. He fell into the sea while trying to climb up onto one of the disputed islets in a clash with the Japanese Marine Self-Defense Force.²⁴ Yet during this Second Protect Diaoyutai Movement, the Japanese and Chinese governments, for their parts, both tried to downplay the territorial issues in order to avoid escalation of Sino-Japanese tensions.

Collision Between China and Japan in the Twenty-First Century

At the turn of the new century, territorial disputes in the East China Sea increasingly bedeviled Sino-Japanese relations. The Japanese government considers itself the owner of one islet in the group, Chiwei, while the others are privately held. In October 2002, for example, once again the Japanese government registered, and flaunted, its “rental” (from private owners)²⁵ of three of the five disputed islands (C: Diaoyu Dao; C: Beixiao Dao; C: Nanxiao Dao) under a 22 million Japanese yen contract, for the period of April 1, 2002 through March 31, 2003. This move by the Japanese government sparked protests from China, Taiwan, and Hong Kong.²⁶ Eventually Chinese resentment against Japan, resulting in the so-called “anti-Japanese movement,” erupted inside China during the Asian Football Cup in 2004. A massive crowd threw stones and splattered ink on the Japanese consulates in Shanghai and Beijing were reported in April 2005. By the end of 2005, the Diaoyu Islands had turned into a heated issue of contention between Tokyo and Beijing.

Shanghai Consulate Agent’s Suicide

Probably the worst event in the history of Sino-Japanese relations was the suicide of a Japanese consular official at the consulate-general in Shanghai. The 46-year-old Japanese envoy was in charge of communications

technology for official messages sent between the Shanghai consulate-general and the home government in Tokyo and was responsible for encrypting and decrypting coded confidential communications. According to the *Shukan Bunshun* (Bunshun Weekly), which broke the news, the official killed himself on the premises of the Shanghai Japanese consulate-general, leaving five suicide notes for his wife, his colleagues, and his boss, Sugimoto Nobuyuki, the Consul-General in Shanghai.²⁷ Based on the official investigation report, the Japanese envoy in June 2003 received threats concerning his “personal relationship” with a Chinese karaoke hostess who had worked as a prostitute. The hostess provided the envoy’s name to what was believed to be Chinese intelligence after being threatened with labor camp and worse punishment if she did not cooperate. In the beginning, the hostess arranged for him to meet with two men, who asked general questions, such as the names of officials in the Japanese consulate-general and flight numbers of airlines that carried confidential documents from Shanghai to Tokyo. Gradually, however, the Chinese demanded that the envoy provide classified information from the consulate-general, including information regarding Japan’s policy on the Diaoyu Islands dispute.²⁸

Threats against the envoy escalated in 2004, eventually leading to his suicide. The consular agent had requested to be transferred to Japan’s Yuzhno-Sakhalinsk consulate in Russia, but this angered the Chinese intelligence officials, who threatened not only to punish the hostess, but also to repatriate the envoy himself. In his suicide note to his boss, the envoy noted, “If I were to do more, I would have to sell out Japan. I cannot sell my own country by any means.”²⁹ After thorough investigations of the suicide, the Japanese government confirmed the involvement of Chinese intelligence. The Japanese government demanded an explanation from the Chinese government but was angered by China’s refusal to cooperate, which was in violation of the 1961 Vienna Convention on Diplomatic Relations.³⁰ The Chinese government repeatedly denied that the Chinese intelligence agency was involved, claiming that the Japanese envoy’s suicide was related to job stress.³¹ By the end of 2005, the Chinese Ministry of Foreign Affairs posted a statement on its Web site to refute the Japanese government complaint.³² The Chinese media began to run a long story to support the Chinese claim.³³ To be sure, the reciprocal accusations involved in the suicide case were certain to add to the tension in Sino-Japanese relations.

The Diaoyu Islands dispute that led ultimately to the Japanese consular official’s suicide is symbolic of the complications of the territorial issue. One week before the suicide story broke, tension had already skyrocketed between Japan and China as comments made by high officials of the Japanese Foreign Ministry regarding Chinese military power inflamed

what is known as the Chunxiao controversy over oil and gas fields in the East China Sea.

The Chunxiao Oil and Gas Field Negotiations

On May 28, 2004, a bombshell was dropped by the Japanese media on already shaky Sino-Japanese relations. The media reported that in August 2003 China began to develop a natural gas field exploration project in the East China Sea—the Chunxiao oil and gas fields. The Japanese government worried that this drilling would enable the Chinese to siphon off the 1.6 trillion cubic feet of precious natural gas buried under their side of the disputed Diaoyu Islands.³⁴ The Chunxiao oil and gas fields grew to be another issue of contention for Tokyo and Beijing.

Starting in May 2004, Japan and China held several rounds of bureau chief-level talks and occasional informal negotiations. Upon this writing in the summer 2006, a total of six rounds of talks have been carried out in either Beijing or Tokyo: the first round (in Beijing) on October 25, 2004; the second round (in Beijing) on May 30, 2005, with two days of discussion; the third round (in Tokyo) from September 30 to October 1, 2005; the fourth round (in Beijing) on March 6, 2006, with two days of negotiation; the fifth round (in Tokyo) on May 18, 2006; and the sixth round (in Beijing) on July 8, 2006, with two days of talks. But no major breakthrough was reported during these rounds of negotiation. Both sides vowed to keep on talking and to find a peaceful way to settle the demarcation of international boundaries, including the disputed islands in the East China Sea.³⁵

Basically, the Chinese side claims sovereignty over the area of the Chunxiao oil and gas field, which is located immediately outside the median line or the economic exclusive zone (EEZ) claimed by Japan, and it has rejected Japanese requests to hand over all data regarding Chunxiao and to suspend drilling. Even though the Chinese side made a proposal for joint development of the disputed territory in the eastern section of the East China Sea, the Japanese side insists on its sovereignty over the Diaoyu Islands and refuses the joint development proposal. On other hand, Japan made a proposal to jointly develop four oil fields: Chunxiao, Duanqiao, Tianwaitian, and Longjing, which are only tens of kilometers northeast of the Diaoyu Islands. This proposal was likewise rejected by the Chinese side. As the Japanese government argued, one of the four oil fields crosses the median line claimed by Japan and the remaining three are completely inside Japan's EEZ. Yet Beijing has refused to accept the median line set by Tokyo. Instead China has argued that its EEZ extends to the far reaches of its continental shelf, which ends just west of the Okinawa Prefecture. Hence, the Japanese and Chinese sovereignty claims overlap over a big chunk of maritime territory in the East China Sea. During

the fourth round of talks, Beijing made a new proposal on the joint development of the Longjing field, but Tokyo did not accept the proposal. Furthermore, the Japanese government in April 2005 granted rights to Teikoku Oil Company for exploratory oil drilling opposite the location of the Chunxiao oil and gas field.

The Cognate Issues as the Major Obstacles

The complexity of the territorial disputes regarding the East China Sea is further linked to many cognate issues, such as the visits to Yasukuni Shrine and the doctoring of Japanese history textbooks. For China it is inconceivable to settle the ongoing territory disputes without addressing these two weighty problems. It is nonetheless true that in order to understand the state of today's Sino-Japanese relations, which have reached the lowest point since World War II, two main barriers need be reviewed: the rising Japanese neonationalist movement, and Koizumi's Yasukuni Shrine visits.

Rising Japanese Neonationalist Movement

Many Japanese had hoped that the heightened economic and political ties following Emperor Akihito's successful trip to China in October 1992 would serve as an opening for a general amelioration of bilateral relations. This hope was further brightened when Prime Minister Hosokawa Morihiro acknowledged in 1993 that World War II was a mistake and that it was "a war of aggression"; this was also when the LDP lost majority control in the Diet, ending 38 years of single-party domination in Japanese politics. Hosokawa was the first Japanese prime minister ever to extend heartfelt and meaningful apologies to countries that had been victims of Japanese aggression. Unfortunately, any gains on the international plane by these admissions were frustrated by recoils in domestic politics.

Hosokawa was almost killed by a radical right-wing assassin in a raged reaction to his apologies. Moreover, the apology speech was seized upon by Japanese right-wing politicians as an opportunity to revise the course of Japanese political history. Soon after Hosokawa took office on August 9, 1993, one of the seven coalition partners in the Diet, the Japan Socialist Party (JSP), began "secret negotiations" with the LDP in December 1993.³⁶ In August 1993, a group within the LDP formed the 107-member *Rekishi Kento Iinkai* (Committee on History and Screening, or CHS) to examine Hosokawa's apology. The aim of this CHS group was to call for a more patriotic awareness of Japanese past and to revise history. Subsequently, it produced a summary of the Japanese war in Asia, and their findings were published in a monograph called *Daitoa Senso no Sokatsu* (The Comprehension of the Greater East Asia War) on August 15 to coincide with the fiftieth anniversary of Japan's

defeat in World War II. The summary had four major points: “that the Greater East Asia War was one of self-defense and liberation; that the Nanjing Massacre and stories about Comfort Women were fabrications; that a new textbook drive was necessary to correct the wrongful acknowledgment of invasion and damage [caused by Japan] in recent textbooks; and that a national movement was needed to disseminate the historical view put forward in the first two points.”³⁷ The CHS invited some right-wing intellectuals from all over Japan, such as Fujioka Nobukatsu, to take note and reflect these points in their speeches and writings. Later, most intellectual members of the CHS became members of today’s well-known right-wing organization, *Atarashii Kyokasho o Tsukuru Kai* (Japanese Society for History Textbook Reform, or JSHTTR).³⁸

Sadly, the turmoil in Japanese politics due to the decline of LDP dominance, provided another golden opportunity for right-wing groups to gather their strength. At the end of the JSP-LDP “secret negotiation,” the LDP agreed to support the installation on June 30, 1994, of a socialist, Murayama Tomiichi, as Japan’s eighty-first prime minister, ending the ephemeral era of Hosokawa. On August 15, 1995, Socialist Prime Minister Murayama gave his speech “on the occasion of the fiftieth anniversary of the war’s end,” in which he publicly apologized for Japanese atrocities during World War II. In reaction to Murayama’s apology, junior politicians in the LDP, such as Nakagawa Shoichi and Abe Shinzo created a networking group known as *Nihon Zendo to Rekishi Kyoiku o Kangaeru Wakate Giin no Kai* (Junior Congresspersons Committee on Re-thinking of History Education and Future Japan, or JCCRHE). The purpose of this committee is to examine historical events and issues, such as Comfort Women, in the history textbooks. The Japanese neonationalists have developed two powerful channels through which a “formidable” right-wing coalition is assembled in Japanese society. One is the political channel, the JCCRHE, for mobilizing right-wing politicians, and the other, JSHTTR, for rallying right-wing intellectuals. Together with the right-wing media—the Fiji Sankei group (including *Sankei Shimbun*, *Bungei Shunju*, the publisher Fusosha, and TV),³⁹ these two forces and other right-wing groups share a common goal, which is to justify and execute the revision of World War II history according to their own terms and rewrite the Japanese Constitution (especially Article 9).

As a result, right-wing supporters have come to dominate Japanese society. Their dominating network has control of not only the Japanese Diet but also mass media channels, including radical books that discriminate against Chinese and Koreans and *Manga* (a comic book for young readers), which poisons the younger generation. It also maintains liaison with and control over radical scholars in the academic world, creating their own interpretation of World War II history. Consequently, Japanese society has

come under the strong influence of right-wing neonationalism. Today the fundamental principles of democracy and freedom of speech have been hijacked by hawkish nationalists in Japan.

For instance, several years ago, the home of Fuji Xerox chief executive and Chairman Kobayashi “Tony” Yotaro was targeted for handmade firebombs by right-wing fanatics after he criticized Koizumi’s visits to Yasukuni. He still periodically receives death threats, and he now travels with bodyguards, which is an extremely unusual way to live in Japan. Similarly, in 2003, former Japanese Deputy Foreign Minister Tanaka Hitoshi discovered a time bomb in his home. He was alleged to be soft on North Korea. No one condemned the action of the terrorist; Tokyo Governor Ishihara Shintaro contended, instead, in a speech that Tanaka “had it coming” to him. Furthermore, in February 2006 a well-known and international recognized scholar, Professor Emeritus Iwao Sumiko of Keio University, received threats from right-wing activists after she published an article suggesting that much of Japan is ready to endorse female succession in the Imperial line. She issued a retraction and is now reportedly lying low. The latest news is that after Kato Koichi criticized Koizumi’s plans to visit Yasukuni in 2006, his parents’ home was burned down by extremists on August 15, 2006.⁴⁰ Today’s Japanese society has gradually become similar to the terrorized society of the 1930s. The 1930s-style militarism, emperor worship, and “thought control” have become increasingly dominant and moved into mainstream circles.

In the end, Japanese politicians voted for resolutions marking the fiftieth anniversary of the end of the Pacific War (Japan’s defeat) that rejected apologetic concessions and even offered justifications for the rejection. American scholar Gilbert Rozman cogently describes Japan during this period as follows:

The composition of the Diet shifted to favor more nationalists, a large pro-Taiwan lobby, and fewer on the Left who sympathized with China or cultivated ties to North Korea. The mass media also was changing; newspapers on the Left moved toward the center, and those on the Right grew bolder. New journals on the Right catered to popular anxieties; alarming stories on the China threat drew readers.⁴¹

Thus, along with the right-wing media, Japanese radical academic right-wing scholars joined forces with radical right-wing politicians in efforts to distort, justify, or even glorify what the Japanese army had done during World War II. These radical right-wing groups not only ignore the historical facts of World War II that are widely accepted by the international community but also have begun to hijack Japanese foreign policy toward

China, including pressing for no compromise on the Diaoyu Islands territorial dispute in the East China Sea.

Koizumi's Yasukuni Shrine Visits

When the thirtieth anniversary of the normalization of Sino-Japanese relations was held in 2002, this was the first time since 1972 that the Japanese prime minister was not invited to China for the celebration. Koizumi's provocative pilgrimage to the Yasukuni Shrine led to strong Chinese resentment and protests, and his foreign policy further upset the Chinese, making negotiations difficult in the dispute over Chunxiao oil and gas fields in the East China Sea.

In addition to securing the Japanese government's official approval of the *Atarashii Rekishi Kyokasho* (New History Textbook) crafted by its scholars on April 3, 2001, the right-wing group JSHTTR also received another strong supporter, the Prime Minister himself. After two previous bids had failed (September 1995 and July 1999), Koizumi was elected prime minister in April 2001. With the tensions going on between Japan and China over the textbook issue, Koizumi took a different approach to dealing with the Chinese. He appointed Tanaka Makiko,⁴² daughter of Prime Minister Tanaka Kakuei, who normalized relations with Beijing in 1972, as the new foreign minister to negotiate with the Chinese, because she could draw on her family's special bond with China. Koizumi utilized Tanaka's fame in China to diminish tensions with the Chinese, including in the territorial negotiations. Unfortunately, Koizumi's policies soon resulted in a confrontation between Tanaka Makiko and Koizumi himself. Specifically, regarding historical issues, Tanaka appeared to take a more conciliatory stance toward China than Koizumi. On August 13, 2001, Koizumi made an official visit to the Yasukuni Shrine, increasing the tension between Japan and China and making Tanaka Makiko's diplomatic mission near impossible to fulfill.

In order to conceal his "real" political beliefs, Koizumi put on a political show during his visit to China in October 2001, visiting the Marco Polo Bridge, as well as the War of Resistance Museum. He also offered a "heartfelt apology" to the Chinese. His "heartfelt apology" in China, however, lacked sincerity and meaning for the Chinese people, who viewed it as lip service and did not buy Koizumi's claims that the visits were simply part of "Japanese culture."⁴³

Despite domestic negative views in China regarding Koizumi's visits to the shrine, Hu Jintao, the head of the "fourth generation" of the Chinese Communist Party (CCP) leadership, refrained from publicly criticizing Koizumi until the spring of 2004. Beijing had hoped to change Koizumi's mind both through formal and informal channels so the interrupted exchange of top-level visits between the two nations could resume. It

did not take long, however, for the Chinese leaders to figure out that Koizumi was another right-wing politician with his own political agenda. Koizumi totally dashed Beijing's hopes for better relations when he fired Tanaka as foreign minister and repeatedly visited the shrine on April 21, 2002, January 14, 2003, January 1, 2004, October 17, 2005, and August 15, 2006. By visiting Yasukuni on August 15, the date Japan surrendered to end World War II, the right wing, as the Chinese Foreign Ministry stated, was challenging international justice and trampling the consciences of mankind. It is an absolute insult to all countries that defeated the German Nazis, the Japanese Imperialists, and the Italian Fascists in the World War II. The Yasukuni Shrine will never serve as a Japanese Arlington cemetery, a repository of national remembrance, respected by the international committee and world leaders.

To be sure, Koizumi's visits to the Yasukuni Shrine are not only a Japanese domestic issue, they have risen to become a problem in the international arena. American politicians have begun to worry about the Yasukuni Shrine issue. A senior U.S. lawmaker sought a guarantee from Prime Minister Koizumi that he would not visit the Yasukuni Shrine if he was to deliver a speech before Congress during his June 2006 trip to Washington. On April 26, 2006, U.S. House International Relations Committee Chairman, Henry Hyde (R-Ill) communicated this sticking point to House Speaker John Dennis Hastert. Hyde argued that a visit to Yasukuni by Koizumi on August 15 would be embarrassing to the U.S. Congress, the same institution to which President Franklin D. Roosevelt (1882–1945) in 1941 delivered a speech soon after Japan's surprise attack on Pearl Harbor.⁴⁴ Because of this Congressional unease, Koizumi had to forego an opportunity to address the U.S. Congress. Instead, he joined President George W. Bush on a trip to Graceland, home of Elvis Presley (1935–1977), on Air Force One.⁴⁵ As Ezra Vogel, professor emeritus at Harvard University, comments, "We need to tell Japan, as a friend, that the way it handles the shrine makes the United States' job in the region more difficult. We can say that if Japan wants to promote friendship in East Asia, this is not the way to do it."⁴⁶

Conclusion: The Prospect for Territorial Disputes in the Post-Koizumi Era

No one doubts that the relationship between Japan and China is at its worst since 1972, but Sino-Japanese relations will get worse before they ever will get better. The last top Chinese leader to visit Japan was Prime Minister Zhu Rongji, from October 12 to October 17, 2000. Since then there have been no more high-level visits between the two countries.⁴⁷ At the time of this writing, at least four people—Abe Shinzo,⁴⁸ Aso Taro, Tanigaki Sadakazu,⁴⁹ and Fukuda Yasuo⁵⁰—have emerged as strong candidates to

succeed Koizumi, whose term of office will expire on September 20, 2006, when the LDP selects the party's next president. If an ultra-right winger among those four candidates succeeds Koizumi at his post, there is no way China can accept any right-wing notion of history, in particular visits to the Yasukuni Shrine. It might not be surprising if a Japanese Mahmoud Ahmadinejad⁵¹ should emerge in Japanese politics. If an ultra-right-wing extremist like him takes office in Japan, there is a strong possibility that he might publicly proclaim that "The Rape of Nanjing" in World War II never occurred, as this is a view shared by many ultra-right-wing politicians, including Tokyo's Governor Ishihara Shintaro.⁵² Without appropriate recognition of World War II history by the post-Koizumi leader, it will be impossible for Tokyo and Beijing to improve Sino-Japanese relations. As a result, there will be no likelihood for a peaceful solution to the East China Sea disputes. (Editor's note: Abe Shinzo became the Prime Minister in September, 2005, and thirteen days later he made a whirlwind visit to China. While in Beijing, he invited Chinese President Hu Jintao and Premier Wen Jiabao to visit Japan in 2007. See Chapter 11 for more on Abe's succession to Koizumi.)

Incontestably, the Yasukuni Shrine visits by Koizumi have provided a live fuse for the "bomb" in Sino-Japanese relations. As a result, neither side is able to make any compromise on the Chunxiao oil and gas field negotiations. The core issue—territorial conflict—will not be settled unless the cognate issues, especially those involving the Yasukuni Shrine, are resolved first. It is inconceivable that the Chinese government will be acquiescent to the continued distortion of World War II history by Japanese politicians. By the same token, it would be futile to expect Beijing to make concessions on the issue of the sovereignty of the Diaoyu Islands.

On the other hand, if the cognate issues such as visits to Yasukuni Shrine are cleared up, then the core issue of the Diaoyu Islands might stand a chance of finding an amicable solution. In fact, the Chinese have settled boundary disputes with the Russians in the past and are currently negotiating with the Indians over their longstanding territorial disputes. Unfortunately, in the face of the current deadlock, there does not seem to be a similar way out for China and Japan.

The Diaoyu Islands may be tiny, but the Sino-Japanese dispute over them could escalate into an armed confrontation that neither side wants if a timely compromise cannot be reached. Especially toward the former Japanese aggressor, the Chinese government's policy has made it clear that, in terms of sovereignty, not an inch of national territory will be compromised, and this is true no matter who is in charge of China. As a most recent Pentagon report sees it, to China, war is merely a necessary means to defend its national sovereignty and territorial integrity.⁵³

Notes

1. Note: Chinese and Japanese personal names are given in the text in the customary order of family name first. Works published in English by Chinese and Japanese authors, however, are given in the Western order of putting the surname last. (The chapter provides double Chinese/Japan pronunciations for Chinese characters as follows: C: Liuqiu/J: Ryukyu.) The author appreciates the extremely valuable comments and useful suggestions from Dr. Ann Brucklacher and Mr. Dusty Clark. Needless to say, the author is solely responsible for any mistakes in the final version of this research.

2. Robert Marquand, "Nationalism Drives China, Japan Apart," *Christian Science Monitor*, December 29, 2005.

3. The Yasukuni Shrine is located in Tokyo. It enshrines the bodies of Japanese war criminals as well as 2.4 million other war dead. Regarding the Yasukuni Shrine, see the section on Koizumi's visits Yasukuni below.

4. Other problems consist of a wandering Chinese submarine, Japanese junior high history textbook screening, proposed termination of Official Development Assistance (ODA) to China by 2008, and Chinese currency revaluations and trade tension.

5. Regarding Sino-Japanese war reparations and Japanese ODA issues, see Unryu Suganuma, "The 30th Anniversary of Normalized Sino-Japanese Relations," in *The Possibility of An East Asian Community: Rethinking of Sino-Japanese Relations*, ed. Satow Toyoshi and Li Enmin (Tokyo: Ochanomizu Shobo, 2006), 165–71.

6. "Nitchu Kankei [Sino-Japanese Relations]," *Asahi Shimbun* [Asahi News], December 20, 2005.

7. For convenience sake in this discussion, the islands will be referred to as the Diaoyu Islands (the Chinese name), rather than by its Japanese name Senkaku Islands. This is not intended, however, to imply an unquestioning acceptance of the Chinese claim of sovereignty.

8. Japan does not have unified names for these islands and often uses Chinese, English, or Japanese names. See Unryu Suganuma, *Sovereign Rights and Territorial Space in Sino-Japanese Relations: Irredentism and the Diaoyu/Senkaku Islands* (Honolulu: Association for Asian Studies and University of Hawaii Press, 2000), 95. A group of eight small islets: (1)–(5) are five small islets, and (6)–(8) are three rocks (1)–(5) are five small islets, and (6)–(8) are three rocks.

(1)C: Diaoyu Dao/C: Diaoyu Yu/C: Diaoyu Tai/J: Gyocho Sho/J: Chogyo Sho/J: Uotsuri Jima

(2) C: Huangwei Yu/J: Kobi Sho/J: Kuba Jima

(3) C: Chiwei Yu/J: Sekibi Sho/J: Taisho Jima

(4) C: Beixiao Dao/J: Kita Kojima

(5) C: Nanxiao Dao/J: Minami Kojima

(6) C: Danan Xiaodao/C: Chong Nanyan/J: Oki no Minamiwa

(7) C: Dabei Xiaodao/C: Chong Beiyuan/J: Oki no Kitaiwa

(8) C: Feilai Dao/J: Tobise

9. Since Taiwan is a non-member of the United Nations and is claimed by mainland China as a renegade province, this chapter addresses only two parties: Japan and China after 1972.

10. Erica Strecker Downs and Phillip C. Saunders, "Legitimacy and the Limits of Nationalism: China and the Diaoyu Islands," *International Security* 23, no. 3 (Winter 1998/1999): 124.

11. Suganuma, *Sovereign Rights*, 2. Regarding the irredentist claims by China and Japan, see chapter 2 and chapter 3.

12. Li Minquan, "Diaoyu Dao [Diaoyu Islands]," *Xiandai Junshi* [*Contemporary Military*], no. 328 (May 2004): 19.

13. Suganuma, *Sovereign Rights*, 27–28.

14. Jean-Marc F. Blanchard, "The U.S. Role in the Sino-Japanese Dispute over the Diaoyu (Senkaku) Islands, 1945–1971," *China Quarterly*, no. 161 (March 2000): 101.

15. Suganuma, *Sovereign Rights*, 96.

16. Amidst the cold war climate of the early 1950s, 48 countries signed the DSPT in 1951. However, this treaty did not include those countries, such as China and Korea, that had suffered the most at the hands of Japanese aggression. Without attendance of the Soviet Union, neither the government of PRC nor ROC was invited to the peace conference due to a difference of opinion between the British government (which wanted to recognize the PRC) and the American government (which favored continued recognition of the ROC). Because the Japanese government worked extremely hard behind the scenes with the United States regarding war reparations, the American government was insistent that the signatories to the peace treaty should waive all claims to reparations because Japan was not in a position to pay for full damages, and that providing full reparations would work hardship on Japan's economy and create a breeding ground for Communism. Caroline Ross, *Sino-Japanese Relations: Facing the Past, Looking to the Future?* (London: RoutledgeCurzon, 2005), 43–44.

17. Suganuma, *Sovereign Rights*, 97.

18. Yoshiro Matsui, "International Law of Territorial Acquisition and the Dispute over the Senkaku (Diaoyu) Islands," *Japanese Annual of International Law*, no. 40 (1997): 16.

19. Blanchard, "The U.S. Role," 102.

20. The United States government has consistently insisted on a neutral position regarding the Diaoyu Islands. As late as March 24, 2005, Undersecretary of State John Bolton noted, "It's a question of the evolution of Japanese thinking on its own. Japan has made it clear they want to resolve all of the territorial disputes by diplomatic means, and that's certainly something that we agree with. Our kind of getting in the middle of it is probably not the most productive way to proceed."

21. Tanaka Kakuei served as Prime Minister of Japan 1972–1974.

22. Phil Deans, "The Diaoyutai/Senkaku Dispute: The Unwanted Controversy," *Kent Papers in Politics and International Relations* 6, no. 1 (1996): 7–8.

23. Suganuma, *Sovereign Rights*, 138.

24. Urano Tatsuo, "Dainiji Hocho Undo ni kansuru Chugokugawa Shiryo [Materials Regarding the Chinese Claim in the Second Protect the Diaoyutai Movement]," *Hogaku Kiyo* [*Bulletin of Law*] 41 (2000): 605–75; Bert Eljera, "Chinese Protest Japanese Land Grab," *Asia Week*, October 3, 1996; "In Death, Island Protester Becomes Martyr," *CNN News*, September 27, 1996. Regarding the 1996 protection of the Diaoyu Islands matter, see Dan Xiao and Wang Fan, *Baowei Diaoyu Dao* [*The Protection of the Diaoyu Islands*] (Hong Kong: Zhonghua Wenhua Chubanshe Youxian Gongshi, 1996); *Diaoyutai—Zhongguo de Lingtu!* [*The Diaoyu Islands—Chinese Territory!*], ed. Mingbao Chubanshe Bianjibu (Hong Kong: Mingbao Chubanshe Youxian Gongshi, 1996).

25. Regarding history of the rental issue of the Diaoyu Islands, see Suganuma, *Sovereign Rights*, 96–99, 118–19.

26. "China Protests over Senkaku Isles," *Daily Yomiuri*, January 6, 2003; "Japan Leasing Disputed Southern Island for U.S.," *Reuters*, January 8, 2003; "Govt's Island Tactic Show Soft Approach," *Daily Yomiuri*, January 3, 2003.

27. "Koizumi Shusho, Aso Gaisho mo shiranai 'Kokka Kimitsu Roei Jiken [Prime Minister Koizumi And Foreign Minister Aso Also Did Not Know about the Leakage of National Secrets]," *Shukan Bunshun* [*Bunshun Weekly*], (January 5, 2006/January 12, 2006): 234–39.

28. "Chinese 'Spy' Sought Info on Isles Policy," *Daily Yomiuri*, December 30, 2005; "Dead Consular Official 'Pushed to Leak Govt Info,'" *Daily Yomiuri*, December 28, 2005; "Envoy's Suicide Raises Tension between China and Japan," *Independent*, December 30, 2005; "Nihon no Kogi ni Hanpatsu [The Refusal to Accept the Japanese Protest]," *Kyodo News*, December 29, 2005; "Spy Claim over Diplomat's Suicide," *BBC News*, December 28, 2005; "Shanghai no Nihon Ryoujikanin ga Jisatsu [Shanghai Japanese Envoy Committed Suicide]," *Asahi Shimbun* [*Asahi News*], December 28, 2005; "Shanghai Nihon Ryouji Jisatsu [The Japanese Envoy Committed Suicide]," *Mainichi Shimbun* [*Mainichi News*], January 3, 2006; "Japan Says Diplomat's Suicide Followed Blackmail by China," *Guardian*, December 29, 2005.

29. "Koizumi Shusho," 235.

30. Since the person involved was a consular official, not a diplomat, at issue should be the 1963 Vienna Convention on Consular Relations. But the Japanese government invoked the 1961 Vienna Convention instead.

31. "Consulate Said Envoy's Suicide Due to 'Work Stress'" *Daily Yomiuri*, May 16, 2006.

32. Ministry of Foreign Affairs of the People's Republic of China, "Waijiaobu Fayanren Qing Gang jiu Riben zhu Shanghai Zhonglingshiguan Guanyuan Zisha Shijian da Jizhe wen [The Chinese Foreign Ministry Spokesman Answers the Question Regarding the Japanese Envoy Suicide in Shanghai Consulate]," <http://www.fmprc.gov.cn/chn/xwfw/fyrth/t228826.htm> (accessed December 31, 2005).

33. "Ribei Zhengfu Chongti Waijiaoguan Zisha Jiushi Dihui Zhongguo [The Japanese

Government Brings Up the Old Issue of Its Envoy Suicide to Accuse China]," *Huanqiu Shibao* [*Global Times*], December 31, 2005.

34. "Asian Powers Edging toward an Energy War," *Edmonton Journal*, October 1, 2005.

35. *Remin Ribao* [*People's Daily*], May 31, 2005.

36. Gerald L. Curtis, *The Logic of Japanese Politics: Leaders, Institutions, and the Limits of Change* (New York: Columbia University Press, 1999), 270.

37. Ross, *Sino-Japanese Relations*, 53.

38. Takahashi Tetsuya, "Outo no Shippai [The Failure of Response]," *Gendai Shiso* [*Revue de la pensée d'aujourd'hui*] 33, no. 6 (June 2005): 49.

39. Right-wing media began to publish racial *manga* [comic books], magazines, and books in an attempt to sway public opinion.

40. Steven Clemons, "The Rise of Japan's Thought Police," *Washington Post*, August 27, 2006, p. B2.

41. Gilbert Rozman, *Northeast Asia's Stunted Regionalism: Bilateral Distrust in the Shadow of Globalization* (New York: Cambridge University Press, 2004), 138.

42. Tanaka served as foreign minister during April 2001 and January 2002.

43. The fact of the matter is Koizumi's father built an airfield in Kagoshima, which was used for *kamikaze* missions (like today's suicide missions in the Middle East) during World War II, and his cousin died on one such mission. According to Koizumi his visit is to show respect the war dead, not to endorse any political stance or movement to remilitarize. It is a familiar tactic of Japanese politicians to point to "Japanese culture" when the Japanese government is trying to persuade the international community regarding controversial policies. Japan, for example, also tried to explain that eating whales is a part of "Japanese culture" at the annual meeting in the International Whaling Commission (IWC).

44. "U.S. Lawmaker: PM Must Vow Not to Visit Yasukuni," *Daily Yomiuri*, May 17, 2006.

45. During Koizumi's Graceland visit, all American TV networks characterized the trip as Koizumi's "dream come true." Some jokingly commented: "Even though he cannot speak English, Koizumi can sign Elvis' song in English."

46. "Koizumi Visit Presents a Tougher Japan," *Christian Science Monitor*, June 28, 2006.

47. Ironically, after Koizumi took office, he twice visited North Korea, which does not have diplomatic relations with Japan.

48. Abe served as Chief Cabinet Secretary during Koizumi's time in office. His grandfather was Kishi Nobusuke (1896–1987), who was first imprisoned by the Allied as a Class A war criminal in 1945 and then rose to become prime minister during 1957–1958.

49. Tanigaki Sadakazu served as Finance Minister during the Koizumi administration.

50. Fukuda Yasuo, son of former Prime Minister Fukuda Kazuo (1905–1995) from December 24, 1976, to December 7, 1978, served as Chief Cabinet Secretary. On July 21, 2006, Fukuda announced that he would not run in the LDP's presidential election in autumn.

51. Mahmoud Ahmadinejad is Iran's ultraconservative President and has made sensational statements such as expressing a desire "to wipe Israel off the map" and belief that the Holocaust was a "myth," which have enraged the international community. The ultraconservative Japanese prime minister might not issue a call "to wipe China off the map," but he may believe in the "myth of the Rape of Nanjing" already.

52. Audrey McAvoy, "Racist or Realist, Ishihara Vents His Spleen," *Japan Times*, October 6, 2004.

53. Office of the Secretary of Defense, *Annual Report to Congress: Military Power of the People's Republic of China, 2006* (Washington, DC: Department of Defense, 2006), 13.

CHAPTER 10

The Taiwan Factor in Tokyo's Territorial Disputes with Beijing

Peter Yu and Shawn Kao

In this chapter we will first identify five disputed areas that offer a microcosm of the relations between Tokyo, Taipei, and Beijing. In the first section, we will touch on Japan's options over the last sixty-plus years in resolving territorial disputes with its neighbors. The issues not basically related to both Taipei and Beijing will be first described and explained in brief. Second, we will narrow it down, from the Japanese perspective, to the disputes over the Diaoyutai/Senkaku Islands.¹ We will also explain why there is not much to say from the Japanese perspective regarding Okinotorishima Islet and a major portion of the exclusive economic zone (EEZ) and continental shelf in the East China Sea (ECS). The third section has three sub-sections, and the main focus of each is on the period after the drastic change in Taiwan's political landscape in May 2000, when Chen Shui-bian, the separatist politician, became President. Each of the three scenarios follows a different assumption. The first subsection assumes that Taipei is siding with Tokyo. In that context, we will describe and explain how Tokyo's options will affect its relations with Beijing. In the second subsection we assume that Taipei is on Beijing's side. In this context, one can figure out what kind of options Japan would choose and the probable consequences. And the last subsection assumes that the ROC is issue-oriented and opts for the creation of international regimes, principally what we call bicoastal (adversary) regimes. In that context we will explore the options open to Tokyo that may affect its relations with Beijing. In the concluding section, we will make some comments and suggestions.

The Five Disputed Areas and Tokyo's Options

There are five areas that have been under dispute between Japan and its neighbors since the end of World War II. In this section we will first identify the disputed areas and try to deduce likely options in the handling of

the disputes from Japan's past record in dealing with similar disputes with its neighbors. The disputed areas are: (a) the Northern Territories (the four islands of Kunashiri, Etorofu, Habomai, and Shikotan), also known as Chishima Retto or Southern Kuriles; (b) Takeshima/Liancourt Rocks, or Tok Do/Dok Do/Lonely Island in Korean; (c) the East China Sea (ECS); (d) the Diaoyutai/ Senkaku Islands, including Diaoyudao, the largest in the group; and (e) Okinotorishima, or Douglas Reef, known in Chinese as Chongzhiliaodao.

Tokyo's options in resolving the disputes with non-Chinese actors are many. The first option is to resolve the disputes in terms of numbers or some agreed formulae. For example, in early 2005, some Japanese academics proposed the Alpha+2 formula. This means that Russia would give back to Japan two smaller islands but keep portions of the bigger Kunashiri and Etorofu. A second option is to resolve the disputes in terms of percentage. If the Alpha +2 formula were applied, Russia would get 63 percent and Japan, 37 percent. A third is by exchange. For example, according to its October 1956 announcement, Moscow would return Habomai and Shikotan to Tokyo in return for the signing of a peace treaty, so as to formally end World War II between the two countries. A fourth option would be for Japan to provide foreign aid or investment. A fifth option is to let the passage of time solve old wounds. For example, a few decades ago, the Okinotorishima area was dotted with half a dozen islets. But, due to global warming, by the late 1980s, only Higashi Kojima and Kita Kojima are still visible. As another example, in May 2006, the Chinese People's Liberation Army (PLA) proposed to temporarily treat the Diaoyutai Island Group as having zero effect (*lingxi-aoli*) on the existing ECS dispute. As a sixth option, Tokyo can resort to arbitral or judicial procedures such as at the International Court of Justice (ICJ) or the International Tribunal for the Law of the Sea (ITLS). A seventh is to resolve the disputes by leveling the disputed islands with bombs. In October 1962, a high ranking South Korean official proposed blowing up Tok Do for good so that Japan would not be able to take it.² Last but not least, there is the (pure) military option.

Narrowing Down Tokyo's Disputed Areas with Taipei and Beijing

The Republic of China (ROC, now seated in Taiwan), as a victor in World War II, has not been heavily involved in the Northern Territories or Takeshima disputes, especially the former. Taipei has also been silent regarding the Okinotorishima. An anonymous foreign ministry official said, "We are adopting a vague strategy, which means we won't challenge Japan's claim of an EEZ around the islet."³ It does not pay for Taipei to challenge or offend Tokyo in this dispute. In the foreseeable future, what

the ROC can do to help Japan in its struggle against the PRC in the Okinotorishima waters is to acknowledge the small group of rocks as belonging to Japan and, at the same time, not to dispute Japan's claim to an EEZ around them. There is no need for the ROC Navy to extend its radius of operations to that distance. Taiwan has no intention of becoming a Pacific power that challenges both the PRC and the United States. It is also doubtful that the ROC Coast Guard can protect Taiwan-registered fishing boats in the Okinotorishima waters,⁴ which fall outside of its temporary enforcement line dividing the ROC's and Japan's EEZs. To be sure, the line was first approved by the ROC Executive *Yuan* (Cabinet) in November 2003 and made known to the Japanese Government for the first time in the July 2005 fishery talks. Later, in August 2005, the ROC fishermen for the first time received such a sea map.⁵

As for the ECS, Japan's *Tokyo Shimbun* pointed out on July 17, 2005, that Taipei is "not a pure onlooker," adding that if Taipei and Beijing were to be united in exploiting the ECS oil field, Tokyo would end up in an extremely difficult position.⁶ This hypothesis, however, is questionable, because it is inconceivable that the PRC will agree to any ROC activity in the ECS that does not go back to the "November 1992 Consensus" (or its equivalent), a point we will elaborate on in the third section. In August 2005, Taipei reiterated its sovereignty over and economic interests in the ECS.⁷ And even if it should turn out to be true, as the Japanese claim, that the Chinese Chunxiao oil and natural gas field (also known as Shirakaba or White Birch to the Japanese) in the Xihu Trough will siphon off what natural energy resources exist under Japanese territory, Taipei can do nothing to help Tokyo. By the same token, the ROC can do nothing militarily in instances like what happened in September 2005, when Japan's Maritime Self-Defense Force, for the very first time, spotted a fleet of five PRC warships including a *Xianda* (or Sovremenny)-class, guided-missile destroyer cruising around in Chunxiao waters.⁸

The remaining disputed area is the Diaoyutai/Senkaku Islands, in which the Taiwan factor may actually be used by the Japanese to strengthen their position. For example, when Taipei in May 2006 confirmed that it will establish the Naha Branch of the Taipei Economic and Cultural Representative Office in Japan by the end of 2006, it announced that the ROC "has never denied that Okinawa belongs to Japan."⁹ This goes contrary to the position of the PRC (Beijing), which still calls Okinawa by its old name, Ryukyu, which it had when it was a tributary state to the Chinese empire until the late nineteenth century.

To be sure, if its sovereignty over the Diaoyutai/Senkaku Islands can be confirmed, Japan can enjoy many more tangible and intangible benefits in the ECS.¹⁰ The history of this disputed area will be dealt with more fully in the next section.

Tokyo's Options vis-à-vis Beijing in the Context of the Taipei Factor

In the first section above we listed Tokyo's eight options. There could be others, such as first setting up as many international regimes or, for that matter, Bicoastal (adversary) Chinese regimes, as possible.¹¹ In prioritizing its options, Japan may have to first figure out what position the ROC is likely to take on the Diaoyutai/Senkaku dispute at any particular point in time and how the PRC is going to react to the Taiwan position. Then Tokyo will select the option(s) accordingly in dealing with and hopefully resolving the Senkaku dispute.

Japan's claim to title to the Diaoyutai/Senkaku Islands is prompted by the strategic interests that the islands have to confer on the Japanese. "Seen from the Japanese side," as one statement put it, "the Senkaku Islands under Japanese sovereignty would entitle Japan to an exclusive economic zone, which would extend Japan's sovereign rights 200 miles to the north and west, substantially encroaching on China's continental shelf."¹²

In September 1970, the U.S. State Department announced that the United States would "revert" the Diaoyutai/Senkaku to Japan along with Okinawa, which had been under U.S. occupation since the end of World War II. However, although Tokyo was not able to exercise administrative rights over Okinawa until May 1972, tensions had ratcheted up several times before and after the signing of the June 1971 United States–Japan Agreement Concerning the Ryukyu Islands and the Daito Islands (or the Okinawa Reversion Agreement).¹³ To shore up its sovereignty, Tokyo has been making the following statements and moves.

First, the Imperial Government of Japan in January 1895 made a Cabinet decision to erect a marker on Senkaku identifying it as an integral part of the Nansei Shoto. The Shimonoseki (or Maguan) Treaty, signed in November 1895, stipulated that China, then under the Qing Dynasty, had ceded to the Empire of Japan "the island of Formosa together with all islands appertaining or belonging to said island of Formosa." Tokyo regarded Senkaku as *terra nullius* (no man's land), when it took over. Later, the 1971 United States–Japan Okinawa Reversion Agreement gave the Japanese grounds for claiming sovereignty over the islands, even though they fall within part of the Chinese continental shelf, even disregarding their historical links. One more barrier is that the United States never claimed *sovereignty* over Senkaku before the Okinawa reversion.

Second, besides officially administering a lighthouse in early twenty-first century, Tokyo has allowed its citizens to register Senkaku as their ancestral birthplace (*zuji* in Chinese), following in the footsteps of South Koreans, who since the early 1980s have regarded Tok Do as part of Korea.¹⁴ In May 2005, for the first time, the Japanese Parliament announced that 18

citizens have registered Senkaku as their ancestors' birthplace or domicile (*benjidi* or *jiguan* in Chinese).

Japan's position has also received unexpected backing from Lee Teng-hui, who after stepping down as ROC's President in May 2000, publicly stated several times that Senkaku belongs to Japan, as reported in the September 24, 2002, edition of *Sankei Times* of Japan. What he said met a hilarious reception among the ultra-nationalists in Japan, as Lee is the first heavyweight politician in the whole of Taiwan and mainland China to fully endorse the Japanese position.

On the other hand, both Taipei and Beijing regard the Diaoyutai/Senkaku Islands as theirs, either separately or jointly. Article IV of the April 1952 Treaty of Peace between the ROC (seated in Taipei but representing all of China at the time) and Japan stated that "all treaties, conventions and agreements concluded before December 9, 1941, between China and Japan have become null and void as a consequence of war." Hence, from the legal point of view, it was as though the whole area of Taiwan subsuming the Pescadores (Penghu), Diaoyutai, and so on, never left China's sovereignty. And,

administratively, Diaoyutai is under the Yilan County of Taiwan.

The Committee for Coordination of Joint Prospecting for Mineral Resources in Asian Offshore Areas (CCJPMRAOA), of the UN Economic Commission for Asia and the Far East (ECAFE), conducted surveys in the Yellow Sea and ECS from October to November 1968. Its May 1969 report revealed promising signs for oil reserves around the Diaoyu/Senkaku Islands. In July 1970, the ROC Executive Branch announced that Taiwan has the right to explore and exploit natural resources in its continental shelf. In December 1970, when Tokyo, Taipei, and Seoul were meeting to talk about how the maritime boundaries should be delimited in the ECS, Beijing for the very first time protested.

The ROC and the PRC can easily point out the weakness in Japan's claim. First, the earliest mention of Diaoyutai in Chinese historical records dates back to the early fifteenth century. That Diaoyutai was privately owned by an ROC citizen was included in the November 9, 1971, edition (vol. 117, no. 169) of the U.S. *Congressional Record* on page 17,969.¹⁵ Japanese academics and experts are fully aware that Chinese Empress Dowager Ci Xi, of the late Qing Dynasty, issued an imperial edict a few years before Imperial Japan incorporated the Senkakus into its territory, awarding three of the islands to a private Chinese as a source for collecting medical plants.¹⁶ Second, the December 1943 Cairo Declaration, which was signed by the Three Great Allies—the ROC, the United States, and Great Britain—stated that "all the territories Japan has stolen from the Chinese, such as Manchuria, Formosa (Taiwan), and the Pescadores (Penghu), shall be restored to the Republic of China" and

"Japan will also be expelled from all other territories which she has taken by violence or greed." The July 1945 Potsdam Proclamation also stated that the Three Great Allies would determine whether Tokyo can have some minor islands. It was not until January 1946 that the first tentative Memorandum Concerning Governmental and Administrative Separation of Certain Outlying Areas from Japan appeared; it excluded the Ryukyu Islands south of 30 degrees north latitude.¹⁷ Article 3 of the San Francisco Peace Treaty of 1951 reads, *inter alia*, "Japan will concur in any proposal of the United States to the United Nations to place under the trusteeship system, with the United States as the sole administering authority, Nansei Shoto [Southwestern Islands] of 29 degrees north latitude [including the Ryuku Islands and the Daito Islands]. . . . Pending the making of such a proposal and affirmative action thereon, the United States will have the right to exercise all and any powers of administration, legislation, and jurisdiction over the territory and inhabitants of these islands, including their territorial waters."

In the following pages, we will introduce three basic scenarios for Taipei. How each will affect Tokyo's choice of an option will be discussed.

If Taipei Were to Side with Tokyo

Beginning in August 1945, the ROC has been governing Taiwan after the Japanese surrender. In December 1949, it moved its Executive *Yuan* (Cabinet) from Nanking (Nanjing) on the mainland to the provisional capital, Taipei. Until September 1972, the ROC (seated in Taipei) maintained diplomatic relations with Tokyo. In March 2000, the ruling party, the Nationalist Party of China (or Guomintang), lost the presidential race and, as a consequence, control of the central government, for the first time. From the late 1940s to that time, the Guomintang government either regarded the ROC as the sole, legal representative of China or accepted a "consensus" reached in November 1992 (hence the "1992 Consensus") with the competing Chinese regime in Beijing to the effect that there is only one China, but Beijing and Taipei may each define the meanings of the One China concept.

In July 2005, Chen Shui-bian, the ROC President, while touring Dongshadao (Pratas), a remote island in the SCS, declared: "Taiwan is Japan's best friend. . . . Taiwan and Japan are each other's best ally in terms of values, economics, democracy, and security."¹⁸

The implications are that if Taipei were to declare *de jure* independence, Tokyo would not sit idly by should Beijing attack Taiwan, because the resultant war might engulf the Diaoyutai/Senkaku Islands. The same view was echoed in an ultra-secret document in Japan.¹⁹

In August 2005, Chen was the first ROC President ever to visit Taiwan's northernmost islet, Pengjiayu, which is under the administration of

Keelung (Jilong) City. While there, he reiterated that Diaoyutai belongs to Taiwan. What he was trying to say was that he will try to maintain the principle of protecting the sovereignty of the greater Taiwan area and to sustain economic development of its populace. Since May 2000 he has been trying to make the Taiwan area a normal, oceanic, and seafaring country; the Presidential Palace website in late July 2005 for the first time put "Taiwan" in parentheses after the official national title: "ROC (Taiwan)."²⁰ On August 2, 2005, Chen further expounded the following four phases: the ROC created on mainland China in January 1912; the ROC relocated in Taiwan from December 1949 to January 1988; the ROC on Taiwan under Lee Teng-hui's presidency; and, finally, the ROC as Taiwan since May 2000, when the "Pan-Green" camp²¹ took over the regime for the first time.

Nonetheless, one thing is sure: the ROC, constitutionally speaking, has not explicitly relinquished its claim to the Chinese mainland. This can be shown in the Coast Guard Act, promulgated in January 2000, which stipulates that the ROC Coast Guard is supposed to "maintain the order of the Waters and the Coast, . . . ensuring national security and protecting people's rights and interests in the Taiwan area." The Taiwan area is defined to include "any other areas over which the Republic of China has sovereignty" such as the fishing zones. The 1998 Law on the EEZ and the Continental Shelf states that the ROC and the adjacent or opposite countries may reach a *modus vivendi* without prejudice to the final delimitation. Article 20 of this law states that "whoever conducts the following activities . . . shall be punished: . . . Conducting exploration, exploitation, management, or conservation of living or non-living resources in the exclusive economic zone . . . and continental shelf of the Republic of China."

Tokyo can do something about the first and second options. That is to say, Japan is jittery about the PRC, and therefore, in order to win the loyal support of the ROC, Japan could first return one of the Senkaku Islands or deal a portion of the Senkaku waters to the ROC. In July 2005, the then ROC Premier, Hsieh Chang-ting, repeating an August 1996 agreement between Taipei and Tokyo, announced that fishing boats from the Taiwan area could access the waters around the islands outside the 12-nautical mile territorial sea of the Senkakus.

The China mainland (the PRC) launched its 094 nuclear submarine in July 2004, and this means that the Chinese PLA can have a second-strike nuclear capability against any part of the United States.²² Although the United States has an alliance with Japan, it also signed with the PRC a Military Maritime Safety agreement in January 1998.²³ Japan would feel more secure if the ROC were on its side. Japan is still somewhat constrained by Article 9 of its peace constitution, which declares that "the Japanese people forever renounce war as a sovereign right of the nation

and the threat or use of force as means of settling international disputes.” Therefore, it unavoidably feels under pressure from the PRC if the latter ventures military actions. The Pentagon also perceives the PRC as a threat, as can be seen, for example, from its 2005 annual report on Chinese military power. Tokyo has also stated that, unless Washington does not care if Taiwan should be absorbed into the PRC, it is necessary for Taipei, Washington, and Tokyo to establish a joint long-term and capability-oriented strategic planning and cooperation scenario.²⁴ It should be noted that a Japanese academic, Unryu Suganuma²⁵ has cautioned that a potentially explosive war between Tokyo and Beijing only waits to be ignited.²⁶ There is no doubt that Japan is thinking of a military option short of firing the first shot. However, Tokyo does not need Taipei except perhaps for sharing intelligence. Other than that, Tokyo is making its own military preparations throughout the years. In Japan’s *White Paper on National Defense 2005*, published in August 2005, there is a chapter on maritime security in East Asia. The Senkakus are deemed as one of the main garrison points. The paper reminded readers that mainland China has been actively boosting its navy’s oceangoing capacity to back up Chinese oil prospecting and exploitation overseas. In November 2004, a PRC Han-class nuclear submarine intruded into Japanese territorial waters in the ECS. The same publication states that Japan’s Maritime Self-Defense Force “has been keeping a close eye on the activities of Chinese naval vessels.” Words like “alert” and “attentive” were used in the document.²⁷ In January 2006, Japan’s army and U.S. Marines conducted their first-ever joint war games, code named “Iron Fist,” in California, simulating the retaking of an isolated island captured by an enemy. For the record, in August 2000, two PRC destroyers confronted two Japanese naval vessels for the first time since the end of World War II, with the latter sailing away.²⁸

Sometimes Taipei dispatches its Coast Guard vessels to the ECS, but within its own EEZ.²⁹ They can monitor the situation there and inform their Japanese counterpart.³⁰ The East Sea Fleet of the Chinese PLA has a contingency command center (*yingji zhibui zhongxin*). Its mission is to deal with Japan’s Self-Defense Forces (JSDF).³¹ In January 2005, Japan for the first time spotted two of the Chinese PLA Navy’s *Xiandai*-class destroyers and a supply ship near the Chunxiao oil and gas field.³² Japan also has to face civilian ships. In February 2005, the 3,000-ton Haixun-31 of the Maritime Safety Administration (MSA) under the Chinese Ministry of Communications (MOC) was the first civilian marine patrol boat to join the PRC’s patrol fleets. It was equipped with a helicopter-landing platform, a helicopter hangar, and a flight control tower. The Haixun-31’s usual mission is to conduct inspections on international navigation courses, maritime construction and production sites, oil and gas platforms,

and maritime ship-to-ship transfer operations in the contiguous zones and EEZs in the ECS, South China Sea (SCS), and Yellow Sea. From March 1 to September 30, 2006, foreign vessels were asked by the MSA to keep away from the maritime area of the Pinghu Oil/Gas Field. The navigation notice on the expansion project did cover portions of Japan's claimed EEZ.

In April 2005, the mainland's ocean research ship, *Dayang No. 1*, left Qingdao in east China's Shandong Province, conducting its first ever around-the-world mission. It was equipped with, for example, a visual deep-sea sampling system, which can transmit pictures of 6,000-meter deep topography to the ship.³³ In other words, ROC vessels could be asked to first approach the PRC vessels in the ECS, including the Diaoyutai area.³⁴ However, Taipei may be reluctant to do so, because the ROC Ministry of National Defense (MOND) in April and June 2005 publicly admitted that its naval ships are no match for their Japanese counterpart.³⁵ Its naval vessels have only been instructed to cruise in and defend the waters within the Air Defense Identification Zone (ADIZ).³⁶ In June 2005, two missile-guided frigates made a highly publicized incursion into the disputed area, although they did stop on the west side of the temporary enforcement line. It was not until July 2001 that the MOND and the Coast Guard Administration (CGA) reached a *banfa* (method) for *xietiao* (coordination) and *lianxi* (making contacts) for the first time. For the record, the Coast Guard has only 13 large vessels, such as the *Mouxing*, the *Hexing*, and the *Qinxing*, out of a 186-vessel fleet.

It has been reported that Taipei will not discuss the Diaoyutai issue with mainland China.³⁷ A former PRC diplomat working in Japan has pointed out that if Japan were to possess this island chain, the ECS would be dominated by it.³⁸ There seems to be no hurry for the PRC to get back Diaoyutai. Even Deng Xiaoping, the paramount leader of the PRC until his death in February 1997, made the following remark in October 1978: "Our generation is not wise enough to find common language on this [Diaoyutai/Senkaku Islands] question. The next generation will certainly be wiser. They will surely find a solution to all." He called for a policy of "putting aside disputes and seeking common development," which also applies to the SCS. The ROC's strategy is simply to let the mainland take on Tokyo first. If Beijing fails, then it cannot blame Taipei for doing nothing or being passive toward the Japanese. From the ROC's perspective, the likelihood of a military clash between Japan and the PRC is slim, as Tokyo is hoping to set up a hotline with Beijing. To be sure, there is an agreement on confidence-building measures between Beijing and Tokyo signed in February 2001, which stated that either side would give two months' prior notification to the other "if either country is to conduct maritime scientific research nearby the coast of the other, except for territorial waters."³⁹

Tokyo is known to have treated Taipei rather harshly. For example, on September 15, 1970, a Japanese news agency reported that Japanese policemen removed an ROC flag from the Senkakus. For another example, Taiwan fishermen have been complaining that if their boats were to sail to Yonaguni Jima, the westernmost island of Japan, they would probably be shot at by Japanese machine guns.⁴⁰ This would be true even off the waters of Pengjiayu, which definitely belongs to the ROC, whose coast guard units are stationed on the tiny island,

Japanese patrol boats regularly compel Taiwan fishermen to sail away.⁴¹ In June 2005, Beijing called on Tokyo to respect the rights of Chinese fishermen, including those from the Taiwan area, operating in what have been Chinese fishing grounds for generations. In another example, with Japan actively behind the scene, the International Commission for the Conservation of Atlantic Tuna (ICCAT), fearful of overfishing, decided in November 2005 to cut the ROC's total allowable catch of bigeye tuna from the current 14,900 tons annually to only 4,600 tons for next year and asked the ROC to improve management of its oceangoing fishing fleets to boot. To be true, Taipei was not a party to the making of the tuna control regime, but it is bound by it.

If Taipei Were to Side with Beijing

Tokyo's military options should not be ruled out if Taipei were to side with Beijing sometime in the future. In that eventuality, it would be playing a one-against-two game,⁴² or possibly a two-against-two game, if it could get the United States involved on the Japanese side. Many moves have been made by Japan in recent years. For example, in November 2004, Japan's Defense Agency (JDA) made public its new defense guidelines, for the first time explicitly naming the PRC and the DPRK as potential threat. Another document, the *White Paper on National Defense 2006*, published in July 2006, made a similar point. Postulating three scenarios of a Chinese PLA invasion of Japan, the 2004 guidelines reveal a plan to defend a chain of Japan's southernmost islands in the ECS;⁴³ Tokyo would dispatch navy destroyers, submarines, and warplanes, as well as a 55,000-person special and rapid response unit in the event of a foreign attack on the remote islands of Okinawa. Tokyo decided in 2004 to join the theater missile defense (TMD) system, which was first conceived by the United States. It preferred that the ROC be part of the system so as to strengthen its deterrence posture and to chip in for part of the expenses. In February 2005, according to Japanese Foreign Minister Nakagawa, Washington and Tokyo agreed that peaceful resolution of issues concerning the Taiwan Strait is one of their common strategic objectives.⁴⁴ Enacted by the Diet in July 2005, the Self-Defense Forces Law enables the JDA director general⁴⁵ to have the power to order the

shooting down of any weapon(s) targeting Japan within 10 minutes, without the consent of the prime minister.⁴⁶ Japan, armed with spy satellites, plans to start deploying ground-based Patriot Advanced Capability 3 interceptor missiles by March 2007, and the Standard Missile 3 to be mounted on Aegis vessels by March 2008.

However, for Taiwan to side with Beijing is a quite remote possibility in the foreseeable future, so long as the government of Chen Shui-bian refuses to recognize the "1992 Consensus" or its equivalent, as he briefly did in June 2000, unless the opposition Guomindang party can win the Presidential election in 2008 or 2012. For the record, some ROC fishermen are willing to fly PRC flags on board their boats for protection.⁴⁷ This is because Japan would less likely throw water bombs (*shuidan*) on them or harass and fine them. However, it should be noted that the PRC, according to a Singapore-based mainland Chinese academic writing recently, "has realized the difficulty of applying the natural prolongation [of the continental shelf] principle to maritime boundary delimitation and begun to consider the principle of proportionality which is favorable to" it.⁴⁸ And in the last few decades, Beijing has not been as tough as in the early 1950s because, at that time, it was following the so-called Mao Zedong line. While enforcing this line, the PRC seized 154 Japanese fishing boats and 1,909 Japanese crew members between 1950 and 1954.⁴⁹

If Taipei Were Issue Oriented

If Taipei were issue oriented, its government would have to be flexible at all times. It would have to convey a message to other actors that its pro-Japan stance does not mean that it wants to be a colony of Tokyo again, nor does it want to be part of the Chinese Communist mainland.

The ROC, knowing that Japan has been taking advantage of its political weakness and diplomatic isolation vis-à-vis other countries since its withdrawal from the UN in 1971, can also exploit the contradictions between Japan and the PRC, taking note of the following facts. In other words, Taipei on certain issues can also elbow out Tokyo and/or Beijing regarding the Diaoyutai issue. First, even though Japan and the PRC maintain diplomatic relations, they sometimes are at odds. Many political observers say that since early 2005, relations between the PRC and Japan have been at their lowest point since the establishment of diplomatic ties in September 1972. Issues include Tokyo's granting of exploration rights to energy companies to test-drill in the ECS and visits by Primer Minister Koizumi Junichiro to the Yasukuni Shrine, a symbolic but controversial memorial place for the war-dead that include 14 World War II Class A war criminals, such as Tojo Hideki.⁵⁰

Second, there are limits to what a military power can do—we have to keep in mind the non-military aspects of international relations. By the

end of 2004, the PRC overtook the United States as Japan's biggest trading partner for the first time since records on international trade have been kept.⁵¹ That would most likely affect Japan's decision on the use of force to ultimately settle its territorial disputes. As another example, Beijing could only protest when, in July 2004, Japan's companies started exploring its own EEZ in the East China Sea for natural gas.⁵² However, we did not see Chinese PLA ships stopping the Japanese activities or escorting Taiwan's fishing boats in the ECS. In another development, in July 2005, the Japanese Government granted the Teikoku Oil Company (TOC) a license to conduct experimental drilling or trial extraction at three sites that cover a combined 250 square miles in the ECS (south of the Chunxiao, Duanqiao, Lengquan, and Tianwaitian oil-gas fields of the Chinese consortium), an area with an estimated 200 billion cubic meters of natural gas reserves.⁵³ In the same month, Tokyo gave Japanese names to the Chinese oil and gas fields of Chunxiao, Duanqiao/Kusunoki, and Lengquan. In September of the same year, the Tianwaitian oil-gas field was also given a Japanese name. (For the record, the TOC originally applied for exploration rights in the sea area in 1969 and 1970, but Tokyo shelved the applications because of unsettled EEZ demarcation in the sea between the two countries.) Yet Beijing could not come up with a justification to use force to stop the Japanese.

Third, each side is using the most advantageous definition of the situation. For example, the PRC, with the support of South Korea, adopts the doctrine of "natural prolongation of the continental shelf," according to which China's ECS maritime region ends close to the Japanese shoreline of Okinawa. Japan had once supported the continental-shelf principle, but later embraced the principle of the equidistant median line.⁵⁴ In other words, as a Chinese source notes, "China and Japan are divided on the issue of demarcation of the continental shelf in the East China Sea. China has insisted on negotiation and appealed for joint exploration of resources in the disputed waters, but Japan [unilaterally] drew a 'median line' across the area without consulting China."⁵⁵ To this day, Tokyo and Beijing have yet to agree on the controversial median line drawn by the Japanese. Thus we often hear the following comment from Beijing: "The waters where the Chinese vessel entered are disputed" and "not the EEZ of Japan."⁵⁶ The Chinese Ministry of Foreign Affairs has repeatedly insisted that the disputes over the demarcation of the East China Sea between China and Japan should be solved through diplomatic negotiation, declaring "it will never recognize the line" unilaterally drawn by Japan.⁵⁷ In November 1997, when Tokyo and Beijing signed the Fisheries Agreement, the two parties temporarily shelved the question of the delimitation of their EEZs. However, the so-called "provisional measures zone" does not apply to the Senkakus.⁵⁸ And in October 2004, the first

round of bilateral consultations on the ECS was held. The second, third, fourth, fifth, and sixth rounds were conducted in May 2005, September/October 2005, March 2006, May 2006, and July 2006, respectively, but with no concrete results.

On a related matter, the sixth option mentioned in the second section has basically nothing to do with the ROC, although the Cabinet in Taipei has taken international mediation into consideration.⁵⁹ This is because Taipei is not a member of the UN, so it does not have the right to sue in the ICJ. As to the ITLS, it is unlikely that the Tribunal will hear a case brought by the ROC.

Fourth, if neither government insists on enforcing the law as the bottom line, Tokyo may prove to be more flexible in dealing with Taipei. As is known, the latter prefers to separate fishery rights from sovereignty claims under the motto of “*zuquan gezhi* and *yuye youxian* [Shelve the Sovereignty Issue and Prioritize Fishing Rights in Talks].” It was under this principle that the fifteenth round of ROC-Japan fishery talks was conducted in July 2005, between the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) and the ROC Ministry of Foreign Affairs.⁶⁰ In October 2005, both sides met again. The sixteenth round was originally scheduled for March or April 2006 but postponed. Taipei has also been able to propose three maritime zones: *jinzhi jinru qu* (no entry zone), *xianghu huanchong qu* (mutual buffer zone), and *gongtong guanli qu* (co-management zone).

Fifth, we can draw a parallel between the Diaoyutai/Senkaku case and another case. Japan agreed with South Korea to have a “provisional zone” in the Sea of Japan encompassing the disputed Takeshima, thus masking the existence of a territorial dispute between the two parties. Taiwan was saying something similar in July 2005, and if such a “provisional zone” can be established over Diaoyutai/Senkaku, the ROC may be able to shelve the dispute and escape being blamed for selling out on Diaoyutai.⁶¹

Sixth, even countries previously at war can reach an agreement and issue a joint statement. One case in point is the November 1992 Argentine–United Kingdom Joint Statement on the Conservation of Fisheries. This statement in effect ushered in a joint scheme of developing an oil and gas field, following the Falklands/Malvinas War of 1982. The cautiously worded Paragraph 1 in the Joint Statement notes that nothing in the conduct or content of any meetings between the two countries was to be interpreted to mean a change in the position of either party regarding “the sovereignty or territorial or maritime jurisdiction over the Falklands Islands, South Georgia, the South Sandwich Islands, and the surrounding maritime areas.”

Taking this example in view, what Taipei can do is to get the three parties to work together and set up an international regime⁶² over the

Diaoyutai waters and their vicinity. One option is to create a “Flag State Control” regime, whereby the coast guard of each side will deal with the behavior of boats flying its national flag.⁶³ To be sure, such a regime exhibits clear and present urgency, pragmatism, cooperation, and responsibility. Otherwise, all the parties will suffer in the end. This is not impossible, because on July 15, 2005, Koizumi expressed a hope “that [the ECS] would become a sea of cooperation, and not a sea of confrontation.”

To be sure, there are already some new developments. In May 2004, a PRC patrol ship, the *Haixun 21*, participated in a joint exercise conducted by the Japanese Coast Guard that focused on counter-terrorism, piracy, and smuggling. In July 2005, the PRC conducted a large-scale maritime comprehensive rescue exercise in waters off Shanghai. It is the first time that foreign vessels were involved, including military personnel on reserve *qua* observers from Taiwan.⁶⁴

Concluding Remarks

Some comments and suggestions are in order. First, the current plight of Taiwan could be completely reversed if and when Taipei re-accepts the 1992 Consensus or its equivalent, because it does not have much leverage, even in the fishery talks.⁶⁵ In October 2004, Beijing and Tokyo, for example, consulted with each other for the very first time on the ECS issue, but intentionally left out Taipei, despite the latter’s known wishes to be counted in on matters regarding ECS non-living resources. As early as the late 1960s, Taiwan began to cooperate with foreign petroleum companies in exploring the ECS energy resources in the Chunxiao field region.⁶⁶ As evidence, in April 2005 an ROC Coast Guard vessel in the ECS was spotted by a Japanese professor,⁶⁷ an expert on security affairs in East Asia. Arguably, the ROC would be better off in the long run to enter into an accommodation with the PRC in their common territorial disputes with Japan because if it does not, the ROC, given its limited leverage and bargaining chips, will most likely be a big loser. Two essential advantages may possibly accrue to the ROC if an accommodation can be reached with Beijing: a share of the living and non-living resources in the ECS, and a lease on life as a component in an ultimate *modus vivendi* that could possibly be worked out with the PRC under the quasi-legal precept of *liangge bange zhongguo* (two half-Chinas).⁶⁸

We need to be mindful of two simple examples: (1) Many “second-track” diplomacy (i.e., nominally unofficial contacts) meetings have been conducted without Taiwan’s participation. One such example was the July 2005 meeting of experts from mainland China, the United States, and Japan to discuss strategic issues concerning energy sources in the ECS. (2) A Japanese diplomat said in a speech that there are about 150 fishing boat captains in the ROC who are around 60 years old. In 10 years

they will have to retire because of advanced age. So the fishing disputes would be solved in a matter of 10 years.⁶⁹ Weighing the benefits and costs, the question that ought to be asked at this juncture is: Will Tokyo be able to provide cheap and uninterrupted oil and gas to Taipei? The answer is most likely no. So what Taipei can do is to seek an accommodation with Beijing that would allow Taipei to jointly explore and exploit energy resources in the ECS, including the Diaoyutai waters.

In short, a deal must be struck first between Taipei and Beijing. So far, the two parties have only signed a contract on exploring and exploiting gas in the Taiwan Strait. Yet we know that in March 2005, in a historic breakthrough, the China National Offshore Oil Corporation (CNOOC) signed with Vietnam Oil and Gas Company (VOGC) and Philippines National Oil Corporation (PNOC) a three-year agreement known as Tripartite Agreement for Marine Seismic Undertaking in the Agreement Area in the SCS. The agreement calls for joint prospecting of oil and gas resources around an 85,800-mile sea area in the SCS. If Beijing could be cajoled to do the same, Taiwan and the mainland might find room for a similar cooperation with regard to the ECS. But the premise for such a breakthrough would, again, be the ROC's re-acceptance of the 1992 Consensus with the mainland or its equivalent.

Second, both China and Korea suffered respectively from past Japanese militarism and colonialism. Would it be possible for them to sit down together and map out a common grand strategy or at least share and exchange information on how to deal with Japan? On the other hand, the Chinese and Koreans should understand the bitter legacy that the Japanese inherited from World War II, including Soviet occupation of the Northern Territories⁷⁰ and the U.S. dropping of atomic bombs on Hiroshima and Nagasaki. Irrendentism is a universal force. In March 1987, for example, a Shimane Prefecture Citizens' Committee was established for the return of Takeshima and Northern Territories to Japan. The Chinese might ask the same Japanese committee to ask the Japanese Government to return the Diaoyutai/Senkaku Islands to the Chinese authorities on both sides of the Taiwan Strait.

Third, it is quite difficult to get back territories once they are in another country's hands. As Wada Haruki, an emeritus professor of Tokyo University, said in reference to the Northern Islands: "there is absolutely no possibility of Japan gaining [back] control of these islands either now or in the future."⁷¹ The same thing may apply to the Diaoyutai/Senkaku Islands, unless the Chinese, on both sides of the Taiwan Strait, take a united stand.

Fourth, of the more than 380 maritime boundaries in the world, many are in dispute between nations.⁷² In November 2003, the ROC Coast Guard began to observe the "temporary enforcement line" that by

law is the dividing line for the EEZs between the ROC and Japan. However, the latter does not recognize it. On June 8, 2005, more than 10 fishing boats from the Taiwan area encircled a Japanese maritime ship that was caught within the temporary enforcement line. Yet the ROC Coast Guard helped the Japanese ship to escape.⁷³ The question is how long will it be before Taipei drops this temporary line and, if ever, reverts back to the January 2000 Coast Guard Act in which the Taiwan area has been defined to include the Diaoyutai waters.

Fifth, an activist for Taiwan's separatist independence proposed the following formula for the settlement of the Diaoyutai question between Taiwan and Japan, based on the relative population ratio between the two sides. Taiwan has 23 million people and Japan, 127 million. The ratio will decide how the two sides will share the Diaoyutai seabed resources.⁷⁴ This is a novel proposal. But, if the same formula were to apply to the tussle between mainland China and Japan, the ratio is 50:1 in China's favor!

As to suggestions, there are a number of them. First, no disputant should practice a double standard. One academic has pointed out that "[t]he Takeshima/Tokdo problem is not a territorial dispute between sovereign states but a problem rooted in the historical relationship between the two countries. . . . The Takeshima/Tokdo problem is different in character from the 'Northern Islands' problem between Japan and Russia. As the two expansive empires encroached on the Ainu lands of the Kurile Islands and Sakhalin in the nineteenth century, Russia and Japan struggled with each other to claim as their own territory the seas they controlled. After World War II, the Soviet Union took the whole of Sakhalin and the Kuriles as its own. Japan said that was going too far and asked to be given a share. "⁷⁵ The same logic applies to Diaoyutai. In other words, Japan has been going too far by unilaterally incorporating part of the Taiwan Strait within its EEZ. Second, since it emphasizes the historical origins of its title to the Northern Territories, it should at least apply the Alpha + 2 formula to the Diaoyutai and other disputed areas like Takeshima. A proposal for settling disputes in another maritime region, namely SCS, suggested by David B. H. Denoon and Steven J. Brams, using a fair-division procedure called Adjusted Winner (AW), could also be considered for the settlement of all ECS maritime areas about which Tokyo's claims are in dispute.

In short, the discrete existence of Taiwan not only complicates mainland China's relations with Japan but also presents problems of its own for both China and Japan. Although the examples used in this chapter are mainly from the complex East China Sea conflict, the challenge inherent in the ECS tussle is duplicated in other spheres as well.

Notes

1. In Mandarin Chinese, the name means a fishing platform.
2. *United Daily News* (hereafter UDN) (Taipei), December 29, 1996, p. 10. ROC fishermen also suggested blowing up of Okinotorishima. See *China Times* (hereafter CT), October 29, 2005, p. A6.
3. *Taipei Times* (hereafter TT) (Taipei), November 20, 2005, p. 3.
4. Each year, about 1,200 vessels sail through the waters, among them are 440 merchant vessels. See *Hua Daily News* (hereafter SHDN) (Sarawak, Malaysia), August 26, 2005, p. 13. Fishermen in the Yilan County, Taiwan Province, said they want to blow it up. See CT, October 29, 2005, p. A6.
5. CT, August 30, 2005, p. A13. Beijing up to June 2005 has not yet publicized its coordinates in the East China Sea (ECS). E-mail from James C. Hsiung, who met some Beijing academics and experts, dated September 6, 2005.
6. Sourced from: http://english.people.com.cn/200507/21/eng20050721_197493.html, July 21, 2005. This means that Taipei is a discrete (as opposed to separated) political entity, as used by James C. Hsiung. His e-mail to me, dated August 4, 2005.
7. SHDN, August 12, 2005, p. A27.
8. CT, September 10, 2005, p. A10. Actually, the PRC naval ships began to patrol the waters in January 2005.
9. TT, May 31, 2006, p. 1.
10. SHDN, August 13, 2005, p. A27.
11. Douglas M. Johnston observes that there are eleven diplomatic options regarding maritime delimitation: do-nothing policy, agreement to disagree, agreement to designate, agreement to consult, agreement on access, preliminary joint enterprise, operational joint development, agreement on sharing of services, agreement on limited joint management arrangement, agreement on permanent joint management, final boundary treaty. Cited in Sun Pyo Kim, *Maritime Delimitation and Interim Arrangements in North East Asia* (Leiden: Brill Academic, 2004), 12, 23.
12. <http://japanfocus.org/157.html>.
13. In August and September 1990, the ROC Ministry of National Defense (MOND) mapped out a plan to send 45 elite paratroopers on board 8 UH-1H helicopters to land on Diaoyu Dao. But President Lee Teng-hui opposed the plan. See UDN, June 17, 2005, p. A15; also Niandai (Taipei) 8 p.m. news program dated June 17, 2005, in which a retired professional soldier, Yang Li, commented on the story. See also *Nanyang Siang Pau* (hereafter NSP) (Malaysia). One of the activists in Taiwan was Jin Jieshou. A Hong Kong Diaoyutai activist, David Yuk-cheung Chan, drowned in September 1996 in the Uotsuri territorial waters when Japanese patrol boats blocked the protest ship, which sailed from the British colony. In March 2004, Chinese activists from Zhejiang Province's Leqing City landed for the first time on Diaoyu Island.
14. From early 1980s to August 2004, 890 South Koreans registered Tok Do as their residential place. A Korean couple live on the island, and there are some 30 policemen. See TT, May 5, 2006, p. 5.
15. SHDN, June 25, 2005, p. A27.
16. See note 2 of Miyoshi Masahiro, "Seabed Petroleum in the East China Sea," no date, Faculty of Law, Aichi University, Japan.
17. <http://japanfocus.org/157.html>.
18. Quoted in *Taiwan Journal* (hereafter TJ) (Taipei), August 5, 2005, p. 1.

19. *CT*, September 27, 2005, p. A13.

20. He first mentioned it in public in September 2004.

21. This is a reference to the coalition of the Democratic Progressive Party (DPP), or Chen's party.

22. <http://www.zaobao.com/special/newspapers/2005/02/others230205.html>, February 23, 2005.

23. First, the United States is fully behind Japan and vice versa, and the former can use 11 civilian airports and 7 harbors in Japan in the event of a war. For the record, the Pacific Command, headquartered at Camp H. M. Smith, Hawaii, with 300,000 Army, Navy, Marine Corps, and Air Force troops, oversees territory of more than 100 million square miles, stretching from the U.S. West Coast to the Indian Ocean, including the pirate-infested Straits of Malacca. Second, the Pacific Command, under its Blair Witch Project, plans to use 1,500 fighters to fight against the Chinese PLA. But it has ruled out any involvement by Taiwan. See <http://www.zaobao.com/special/newspapers/2005/06/homeway050612.htm>, June 12, 2005.

24. <http://taiwansecurity.org/TN/2005/TN-080705-1.htm>, July 8, 2005.

25. Suganuma, Unryu. 2000. *Sovereign Rights and Territorial Space in Sino-Japanese Relations: Irrendentism and the Diaoyu/Senkaku Island*. Honolulu: Association for Asian Studies and University of Hawaii Press.

26. Suganuma is also author of a chapter (Chapter 9) on the subject in this book

27. http://english.people.com.cn//200507/05/eng20050705_194152.html, July 5, 2005.

28. See Peter Kien-Hong Yu, *Hu Jintao and the Ascendancy of China: A Dialectical Study* (Singapore: Times Academic, 2005), 287.

29. *CT*, September 27, 2005, p. A13.

30. In May 2005, its ships sailed to the ECS. Yet they were monitored by the PRC, the United States, and Japan. See *CT*, May 14, 2005, p. A8.

31. <http://by106fd.bay106.hotmail.msn.com/cgi-bin/getmsg?msg=DC60EA41-EEB6-46D8-BDE>, July 27, 2005.

32. *SHDN*, January 26, 2005, p. A27.

33. It is expected to achieve four things: (a) obtain samples of sulfides, rocks, and sediments near the hot liquid mouths in target areas in the Pacific, Atlantic, and Indian Oceans; (b) make an initial survey on the resources distribution of hot liquid sulfides in some sea floor areas; (c) push forward the development of ocean scientific research, such as obtaining fluid chemical properties; (d) bring about the development of related ocean technological equipment. See http://english.people.com.cn/200504/05/print20050405_179522.html, April 5, 2005.

34. The PRC's State Council Information Office (SCIO) has denied that the Chinese PLA is building aircraft carrier in Shanghai Municipal City. See http://english.people.com.cn//200506/16/eng20050616_190666.html, June 16, 2005.

35. *CT*, April 19, 2005, p. A13.

36. *Ibid.*

37. *TT*, July 30, 2005, p. 1.

38. *SHDN*, August 13, 2005, p. A27.

39. According to Japanese Foreign Ministry officials, "nearby the coast of the other" was understood to mean a theoretical median line. See Vincent A. Pace, "The U.S.-Japan Security Alliance and the PRC: The Abandonment-Entrapment

Dynamic, the Balance of Threat and National Identity in the Trilateral Relationship," May 3, 2003, http://www.vincentpace.info/thesis/senkakus_islands_crisis.html.

40. CT, June 17, 2005, p. A2. Yonagunia Jima is a sister city of Hualian City of the Taiwan Province, R.O.C. Some of the residents have been calling for independence in the first half of 2005. See <http://www.zaobao.com.sg/special/newspapers/2006/01/renmin060126.html>, January 27, 2006.

41. Ibid.

42. In a three-person game, it is possible to play the following two games: strategically, A is with B, and tactically, A sides with C.

43. One of them is called Xiadidao. There are U.S. troops on this island. See CT, February 14, 2005, p. A1, A3.

44. The released joint statement of the February 29, 2005 meeting, however, did not contain this point.

45. The incumbent Director General Yoshinori Ono does not perceive a Chinese PLA threat but urges the latter to be more transparent. See http://www.zaobao.com.sg/special/realtime/2005/07/050725_29.html, July 5, 2005.

46. Japan specifically has the DPRK in mind.

47. Ibid., June 17, 2005, p. A2.

48. Kim, *Maritime Delimitation*, 212.

49. Ibid., pp. 269, 305.

50. Beijing leaders constantly remind Japanese leaders not to go to the Shrine. What they have in mind is the following saying: *Qianshi buwang houshi zhi shi* ("If one remembers the lessons of the past, they will serve as a guide to avoiding mistakes in the future.") In April 2004 the Fukuoka District Court ruled that the then Prime Minister Koizumi Junichiro's visits to Yasukuni Shrine were tantamount to religious activity and, therefore, what he did had violated the Japanese Constitution. In September 2005, the Osaka High Court also ruled that Koizumi violated the constitutional separation of church and state. In October 2005, a Japanese court in another law suit ruled that Koizumi did not violate the Constitution. Up to now, only two out of ten cases found Koizumi to have violated the Constitution. In October 2005, Koizumi went to the Shrine for the fifth time since becoming Prime Minister in April 2001. In December 2005 Koizumi defended his visit by saying "I go there not to glorify the war, but to repent it, to vow never again to wage war, and also pay respects for the war dead." See <http://taiwansecurity.org/Reu/2005/Reuters-131205.htm>, December 13, 2005. In February 2006, Koizumi defended what he did again, saying Japan had not been isolated from other Asian countries because of his deeds and arguing that his visit was "a spiritual issue." See http://english.people.com.cn//200602/09/eng20060209_241316.html, February 9, 2006. In November 2005, Republic of Korea (ROK) President Roh Moo-hyun urged Koizumi to stop visiting the shrine, which is a symbol of unrepentant Japanese militarism. But the latter defended himself by saying he was praying for peace there. See TT, November 20, 2005, p. 5. In March 2006, the ROK's President, Roh Moo-hyun, said he would like to see the shrine for himself, and Koizumi said he would welcome his visit of the shrine. See *China Post* (hereafter CP)(Taipei), March 19, 2006, p. 11.

51. http://english.people.com.cn//200507/05/eng20050705_194152.html, July 5, 2005.

52. <http://www.atimes.com/atimes/Japan/FG27Dh03.html>, July 27, 2004.

53. The permit is for two years, but it can be extended to eight years. In April 2005, Beijing protested for the first time. See CT, April 14, 2005, p. A11. In

August 2003, Beijing concluded developments contracts with such major oil companies as Royal Dutch/Shell and the United States oil company Unocal. Chunxiao began to have an exploration facility in May 2005, and it is located four kilometers inside the PRC side of the EEZ boundary claimed by Japan. In July 2005, it was reported that Japan designated Chunxiao, Duanqiao, and Lengquan with Japanese names. See *SHDN*, July 17, 2005, p. A27.

54. <http://atimes.com/atimes/China/FK02Ad01.html>, November 2, 2004 and Gregory Clark, "Japan's Hard Line: Never Give an Inch to China," cited in <http://www.taiwansecurity.org/News/2006/JT-080506.htm>, May 8, 2006.

55. http://english.people.com.cn//200506/22/eng20050622_191716.html, June 22, 2005.

56. http://www.csis.org/pacfor/cc/0402Qjapan_china.html.

57. http://english.people.com.cn//200507/05/eng20050705_194248.html, July 5, 2005.

58. Miyoshi Masahiro, "Seabed Petroleum in the East China Sea," no date, Faculty of Law, Aichi University, Japan, p. 5.

59. *CT*, June 17, 2005, p. A2.

60. *UDN*, July 30, 2005, p. A2; and also *TT*, July 30, 2005, p. 1.

61. *UDN*, July 31, 2005, p. A2.

62. See Peter Kien-hong Yu, "Setting Up International (Adversary) Regimes in the South China Sea: Analyzing the Obstacles from a Chinese Perspective," *Ocean Development & International Law*, vol. 38, no.1, 2007, 147-156.

63. *TJ*, August 5, 2005, p. 1.

64. *SHDN*, July 8, 2005, p. A27.

65. *CT*, August 1, 2005, p. A15.

66. *SHDN*, July 25, 2005, p. A24; and August 12, 2005, p. A27.

67. *Ibid.*, July 25, 2005, p. A24.

68. This concept was first broached by James C. Hsiung in June 2004 at an international conference held at Ming Chuan University in Taipei City. The idea is that since 1949 the ROC has retained its control of sovereignty over Taiwan, while the newly established PRC has only gained control of the sovereignty over the mainland part of China (minus Taiwan). It is a case of incomplete loss of sovereignty by the ROC matched by incomplete succession to sovereignty by the PRC. The ROC and PRC added together make the complete, whole China. Hence comes the concept of the two half-Chinas. I have also used a similar term in two of my works: (a) *Bicoastal China* (New York: Nova Science Publishers, 1999); and (b) *The Crab and Frog Motion Paradigm Shift: Decoding and Deciphering Taipei and Beijing's Dialectical Politics* (Lanham, MD: University Press of America, 2002), ch. 17).

69. *UDN*, July 30, 2005, p. A2.

70. On August 9, 1945, 1.5 million Soviet troops also moved into Northeast China, trying to help the Chinese Red Army. See *SHDN*, August 16, 2005, p. A26.

71. <http://japanfocus.org/article.asp?id=247>. In July 2005, the Russian defense minister said his country would not give up the Southern Kuriles. See *SHDN*, July 31, 2005, p. 12.

72. *CT*, June 10, 2005: 3

73. *Ibid.*

74. *Taishengbao* (Tokyo), August 25, 2005, p. 2.

75. <http://japanfocus.org/article.asp?id=247>. Due to the robust rise of the PRC, the *New York Times* (NYT) reported that Japan is seeking reconciliation with Russia. See *CT*, February 1, 2005.

CHAPTER 11

Periscoping the Future: Will China and Japan Ever Be Like France and Germany?

James C. Hsiung

In a comment on the weak Asian regional institutions, Masaru Tamamoto (2005: 18), a noted Japanese commentator, raised a thoughtful question, namely: Will China and Japan act like France and Germany in taking the initiative in community building? The question recalls to mind the long Franco-German rivalry in history, which ran from the late nineteenth century to the first half of the twentieth century. But after World War II, from which Germany emerged chastened by defeat and France badly shaken by the devastating effects of the “total war,” the two nations learned to bury their hatchets. They joined hands, in concert with other European powers, to build the European Economic Community (later the European Community), laying the groundwork for today’s European Union. They remain the two strong pillars of European integration. Tamamoto’s question is whether China and Japan will ever be able to follow the French-German example of reconciliation. In this last chapter, it is only appropriate for us to entertain this forward-looking question, which without doubt has implications far beyond the future of the bilateral relations between the two Asian giants. At stake is the larger question of regional and even global peace and stability, as well as economic prosperity, throughout the twenty-first century.

If readers, after carefully perusing the preceding chapters, have doubts about an answer, it should not be surprising. True, the more immediate factors precipitating recent drops in Sino-Japanese relations to the lowest point in three decades were associated with Prime Minister Koizumi’s policies (2001–2006), such as his stubborn pilgrimages to the Yasukuni Shrine, the initiative to revise the Constitution to make Japan a “normal country” so that it will regain the right of belligerency by removing the war-prohibiting Article 9, his condoning of the official rewriting of World War II history to hide Japan’s war crimes, and his alleged meddling

in the Taiwan question (Chen 2006). But, beneath the surface, the root causes of Sino-Japanese enmity go much deeper, and they simply magnify any new short-term sources of friction. In Chapters 1 and 2, we have seen that Sino-Japanese relations were bedeviled by recurrent hostilities in history, occasioned by Japanese armed adventurism going back to the sixteenth century. The most plausible theory, offered by scholars studying Japan (cited in Chapter 1), is that as an island nation deprived of natural resources and squeezed for space, Japan's historical quest for economic security almost involuntarily pushed it onto the Asian mainland. For example, citing Japanese historians approvingly, George Sansom (1961: 311–62) finds that Hideyoshi's invasion of Korea in the sixteenth century, dragging China (then Korea's suzerain) into war, was an overseas adventure in search of gains and opportunities to make up for the inadequate job market and distressed trade at home, which was made more acute by the post-Ashikaga civil wars. In a review of Sino-Japanese relations in historical perspective, O. Edmund Clubb (1972: 163) finds evidence for the recurrence among Japanese elites of what he calls "dreams of a Japanese empire in Asia," a goal to be achieved through the "progressive conquest" of China to compensate for the island nation's resource scarcity. Michael Barnhart (1987: 17ff) also finds "search for economic security and autarchy" as the "thread of continuity" in the history of Japan's pushes into China, resulting not only in the two Sino-Japanese wars of 1894 and 1937–1945 but also the war with Russia in 1905, fought on Chinese territory over the Russian spheres of influence in northeast China. The same drive seems to continue to traumatize Sino-Japanese relations today in their "resource war" over the seabed oil and gas deposits in the East China Sea (as studied in Chapters 8 and 9). In addition, we also see the further complications of recurrent nationalistic sentiments on both sides creating new tensions and bitterness. As long as these root causes are not removed or at least mitigated, it seems, the same rancor will continue to haunt the China-Japan relationship, even long after Koizumi is gone.

Japan under New Management

As many experts expected, on September 26, 2006, Shinzo Abe replaced Koizumi, becoming the youngest (age 52) and, in the words of one commentator, "most hawkish prime minister since the Second World War" (McNeill 2006). One day after Abe's inauguration, a *New York Times* editorial urged the following for his close attention:

The [Yasukuni] shrine controversy, and the failure of Japanese textbooks to deal honestly with the wartime behavior of Japanese troops, complicate the nation's ability to handle contemporary military

issues, like the emerging debate over amending the pacifist constitution that America imposed on it after World War II. There is no reason Japan should not be able to make that change. But unless it first comes to terms with its history and its neighbors, such a step would be poorly received by other Asian nations. (“Shinzo Abe’s Asian Challenge” 2006)

To his credit, Abe made a China visit his first priority almost immediately after he took the reins from Koizumi, who had been *persona non grata* in China. Seeing a chance for a possible move from dead center, after five years in which there were no summit meetings, China welcomed Abe’s offer and invited him to visit on October 8, 2006.

While in Beijing for what was an ice-breaking event, Prime Minister Abe openly admitted that Japan had caused great pain and damage to Asian nations, leaving inerasable scars in the memories of many former victims. Hence, Japan had to confront its past records and do some soul-searching. In addition, he pledged his endorsement of the One China principle and his non-support for Taiwan’s separatism. Although he kept to himself his views on visits to the Yasukuni Shrine, he volunteered that he would not “beautify” militarism nor glorify Japan’s war criminals. A Chinese Foreign Ministry spokesperson told reporters that Prime Minister Abe’s visit was premised on a mutual consensus that historical problems must be confronted squarely and that Japan and China would work together to bring bilateral relations from the abyss they had been consigned to during Koizumi’s tenure. This point was confirmed in the joint communiqué marking the conclusion of Abe’s visit (*Shijie Ribao* 2006).

Not Yet Time to Rejoice

Nevertheless, it may be premature to assume that because Koizumi is gone and because Abe successfully concluded an ice-breaking China visit that the two countries will live happily ever after.¹ The reason is simple. As will be explained below, Abe’s number one priority is the Liberal Democratic Party’s (LDP) political fortunes, and his known ideological commitment is most likely to be reflected in his domestic and foreign policies. Regardless of his China visit, a wide gap still separates Beijing and Tokyo on many crucial issues. There does not seem any reassuring sign that relations in the region will reverse their current course of deterioration.

Abe’s Concerns for LDP Survival

Since Abe faces the forthcoming Upper House election in the summer of 2007, the new prime minister must appeal to conservative voters, who have less interest in foreign relations. A victory in the next election is

imperative if a repetition of the LDP's fiasco of 1993 is to be avoided. It is unlikely, therefore, that Abe will make any compromises with China on major issues, such as Japan's textbooks on World War II history, the pilgrimage to Yasukuni Shrine, and the territorial disputes over the East China Sea.

Abe's Ideological Commitment

Even though he was acutely sensitive to the public mood and very mindful of a growing nationalist sentiment, former Prime Minister Koizumi was not a radical right-wing nationalist. Shinzo Abe, however, is a totally different figure in terms of both his personal background and political career. The new prime minister is a well-known neonationalist with his own political ideological conviction that he believes will bring Japan into the "new era." Born and educated in Tokyo, Abe came from the ruling class of the Yamaguchi Prefecture, which (as a part of the historic Choshu group) supported the Meiji Emperor in 1867 against the 250-year-old feudal Tokugawa shogunate. His grandfather, Nobusuke Kishi, imprisoned for three years as a suspected Class A war criminal under the United States Occupation, was Japan's thirty-seventh prime minister in 1957–1960. Abe's grand uncle, or Kishi's younger brother, Eisaku Sato (1901–1975), served nearly eight years (November 1964–July 1972) as prime minister. (Kishi had been born a Sato, but was adopted.) Abe's father Shintaro (1924–1991), who married Kishi's daughter, died from pancreatic cancer before he could become prime minister himself. After Shinzo Abe inherited his father's parliamentary seat in 1993, winning the most votes of any election in Yamaguchi prefecture's history, his true political ideological color was soon to show publicly.

For the LDP, the year 1993 marked the interruption of its continuing domination in Japanese politics since 1955. Shinzo Abe, upon election, joined the neonationalist political group *Nihon Zendo to Rekishi Kyoiku o Kangaeru Wakate Giin no Kai* (Junior Congresspersons Committee on Thinking of History Education and Future Japan), along with Shoichi Nakagawa, a neoconservative.² He aligned himself with other conservatives in lobbying the prime minister to visit the Yasukuni Shrine. Abe's popularity began in 2002, when he became a national hero for standing up to North Korea for its abduction of dozens of Japanese citizens during the 1970s and 1980s. He has been a foreign policy hawk ever since (Pilling 2006; Greimel 2006; Jacques 2006).

Abe's hard-line stance has been welcome among the Japanese public. About two months before Koizumi stepped down in September 2006, Shinzo Abe published his *Utsukushii Kuni He* (Toward the Beautiful Country), appealing to supporters on his vision of Japan's future (Abe 2006). He supports the use of doctored history textbooks to keep students

in the dark about past Japanese atrocities and aggression so that they have nothing but pride in their own country. He pledges to revise Japan's pacifist postwar constitution. Although he has carefully avoided expressing his opinions on the Japanese wartime record, Abe has nevertheless made it clear that he rejects the view that Japan waged a war of aggression in its invasions of other Asian countries. Unlike Koizumi, Abe has even cast doubt on the Tokyo trials, in which Japan's wartime leaders were tried and many were found guilty and executed, although many more were released. Some of these views contradict those he publicly uttered in his China visit. If he has changed his mind, the change was too abrupt to instill confidence. After North Korea's missile tests on July 4, 2006, Abe argued that Japan should consider embracing a strategy of preemptive military strikes. In his first news conference as prime minister, Abe stated clearly, "Japan must be a country that shows leadership and that is respected and loved by the countries of the world. I want to make Japan a country that shows its identity to the world" (Fackler 2006).

Many Japanese had looked up to Abe as someone who would bring Japan toward becoming a "beautiful country," but sadly enough, some now began to fear that the new prime minister might lead Japan toward a "self-beautified nation" that would bring another catastrophe in the Asian region.

A Realistic Summing-up

In more than one chapter, the most succinct characterization of the relations between China and Japan since 1945 is no better than *zheng-leng, jing-re* (Chinese words for "cold politics," and "hot economics"). The terse but sad-sounding phrase, paradoxically, in fact sums up the bilateral relationship in the best possible light, at least up until 2004. In more recent months, those preceding Koizumi's retirement, as Chu-yuan Cheng's Chapter 5 shows, the political feuds even caused declines in trade and investments. Purely from the point of view of "economics," or where the two countries stand in the context of the global economy, as Cal Clark's study (Chapter 4) clearly shows, China and Japan are two "miracle economies" that have a lot to complement each other. As he notes, they are far more complementary and less competitive than would have been expected from their changing positions (i.e., China as the rising economy vs. Japan as the stagnating leader). This conclusion is based on two considerations: (a) their high degree of export differentiation and (b) Japan's significant surplus from its China trade over the last few years. Thus, Clark adds, one primary source of the usual economic strains between a rising economy and a stagnating world leader does not appear to exist in the Sino-Japanese case. However, in agreement with Cheng and almost all other chapters, Clark is quick to add that any prospect of

an improvement in Sino-Japanese relations due to their economic complementarity is almost certainly moot in view of the rising nationalism in both countries and the growing diplomatic and military competition between them, plus the forebodings of a “resource war” brewing in the East China Sea. To put it succinctly, as political and psychological relations between China and Japan have deteriorated to the present unprecedented lowest level, economics may not provide a strong enough buffer, much less secure a reversal of the drift toward a deepening feud.

Thus seen, the *zheng-leng jing-re* epithet would seem to capture the best possible state of relations that can be found between the two countries. In fact, two other words, *han xin* (“chilly hearts”), would be an apt addition if we are to account for how private individuals on each side feel about the other side. Suetō Sudo’s Chapter 3, substantiated coincidentally by parts of Unryū Suganuma’s Chapter 9, reminds us that the Japanese have reciprocal negative sentiments about the Chinese in what is actually a two-way street of distrust, although this distrust comes from different sources.

Below we shall briefly review and compare these diverse sources of mutual aversion. I hope that the review will give us a better sense of (a) how remote and different China and Japan are from the France-Germany model and (b) why the chances of their reconciliation are dismally slight—unless the root causes are adequately addressed and remedied. This in turn requires that all parties concerned be made aware of what the root causes are.

Disparate Sources of the Mutual Negative Sentiments

Without unduly duplicating what has been said in previous chapters, let us dwell for a moment on the key sources of the negative sentiments that people on each side harbor for the other.

For the Chinese, the list of grievances is inordinately long. Of all things, commentators usually focus on the War of Resistance (1937–1945) as the trauma that continues to haunt the relationship between the two countries, one that the Chinese refuse to forget and the Japanese are reluctant to remember. To most Japanese, on the other hand, the war may be, in the words of a Harvard University report, “a source of shame or, at best, acute discomfort and is usually consigned to the attic of national memory.”

It remains there in large part because there are few tangible signs within [Japan] that serve to make the horrors of the “China War” a distinct and separate element within the larger tragedy of the Japanese wartime experience. . . .

There were no Chinese armies standing on Japanese soil, no “incident” at some bridge outside Kyoto that can be pinpointed as the locus of the origin of the conflict, no “Rape of Nagoya” by Chinese forces that could perpetuate a sense of national indignation, and Japanese cities were leveled by American not Chinese bombers. Japanese are dimly aware that Japanese forces did unpleasant things in China, but that is the limit to which Japanese public memory is generally willing to go. (Harvard Report 2004)

This thesis of “consigning to the attic of national memory” says an awful lot about Japanese behavior and attitude toward their country’s past record of aggression. It explains why official Tokyo, out of an understandable intention to shield what the Harvard report calls “a source of national shame” from public anguish, stubbornly enforces a policy of systematically rewriting history.

Textbook Screening “Not Censorship”(?)

The government of Japan is a democracy and so does not write history textbooks. However, unlike in other democracies, the Japanese Ministry of Education has the authority to do mandatory screening of textbooks written by private authors and may order the deletion or rewriting of passages found to be objectionable by the ministry’s screeners. Also, all textbooks must be submitted for review and approval by the ministry before they can be used in either public or private schools. The ministry’s screening is supported by the Japanese court system, and rarely has any “wayward” textbook writer ever won a suit against the government. Saburo Ienaga, a professor of history at the Tsukuba University (formerly the Tokyo University of Education), for instance, carried on a 28-year battle through the courts, suing the Ministry for damages resulting from its screening (and required revisions), which he claimed was unconstitutional. He lost all three suits. On March 16, 2003, the Japanese Supreme Court, accepting the ministry’s counter argument, ruled against Ienaga that Government screening of school textbooks does not constitute censorship and hence does not violate freedom of expression (Kyodo News Service. 1993). In fact, the ministry’s screening power is broadly exercised over many issues. Nobuyoshi Takashima, a teacher of geography and contemporary society at a high school in Otsuka, Bunkyo Ward, Tokyo, for example, was required to delete passages from his writings (intended for high school use) that ranged from his allegations that Japan’s World War II advances victimized other Asian nations, to a quote from a nineteenth-century thinker (Yukichi Fukuzawa) who argued that Japan should “leave Asia” and “join Europe,” to his criticisms of Japan’s dispatch of minesweepers in the 1991 Gulf War (Kawabata 1993).

Nevertheless, it remains true that as a result of this longstanding government textbook doctoring, the Japanese postwar generations have little or no knowledge of what happened during their country's overseas adventurism over six decades ago. Undeniably, this is a crucial sore point in Japan's relations with China and other former Asian victims that still have memories of past Japanese aggression (and harsh colonial rule in Korea). Unless this is rectified, chances are that Japan will remain a social outcast in the eyes of these nations.

Likewise, the same Harvard University report also explains why Tokyo is extremely reluctant to offer full apologies to China's satisfaction or to pay compensation (another sore point in Japan's relations with China): a succession of Japanese leaders finds it hard to face up to a tragic reality that they want their nation to forget. For the Chinese, other than the staggering casualties and destruction, one gratuitous reminder of Japanese World War II crimes is the periodic explosion of the landmines and chemical bombs buried underground by the retreating Japanese troops in 1945, which kill and maim innocent people in China today, decades after the war ended.³

The War of Resistance (1937–1945) is not the only war with Japan that continues to haunt the Chinese. Out of a long list of grievances, the earlier War of 1894–1895 is another trauma that refuses to go away in Chinese memory, because it was as a result of that war that China lost Korea and Taiwan to Japan. Although in 1945, in pursuance of the Allies' wartime agreements, Korea became independent and Taiwan was returned to the Republic of China (under Chiang Kai-shek), Taiwan has remained a difficult problem in Beijing's relations with Japan and with the United States from 1949 on (as can be seen in parts of Chapter 10 by Yu and Kao). As an independent analyst notes, the biggest injury experienced by the Chinese was not so much the bloodshed in these wars as the "humiliations they endured at the hand of the Japanese" (Lehmann 2006).

For these reasons, a 2005 poll conducted online among 70,000 Chinese users of cyberspace (mostly young) found that 79.9 percent respondents considered Japan a "dangerous militarist country." Some 87.25 percent said that the first thing they thought of Japan was the "militarists, and the Right Wing," and 55.36 percent did not think Japan would apologize to China for its heinous war crimes.⁴

For the Japanese, as the Harvard report above points out, there are no comparable poignant reminders of Chinese atrocities or misdeeds to haunt them simply because there were none. The ups and downs in Japanese public opinion poll ratings regarding the Chinese, however, merely reflect the Japanese public's moods and reactions to periodic Chinese protests or demonstrations against Tokyo's history rewriting or the pilgrimages to the Yasukuni Shrine by top officials like Prime Minister

Koizumi (2001–2006). Because the true stories of what happened during Japan's aggression in China, and on the Asian continent at large, are kept hidden by the Japanese education system, it is hard for the Japanese public today to understand why the Chinese, as do the Koreans and other Asians, make such a recurrent, nasty fuss about the textbook, the shrine visits, and the apology issues.

As Sudo's data (Chapter 3) show, instances of Japanese dissatisfaction with the Chinese government and people were tied to their "resentments" against the anti-Japanese protests in China, certain obnoxious developments like the Tiananmen episode of 1989 and, in one case, against the visiting Chinese President Jiang Zemin's demand that Japan make apologies and pay compensation to China to atone for its wartime guilt. In short, Chinese demands that Japan right the wrongs of the last war, or just admit to its past misdeeds, have only infuriated the Japanese, who were prevented by their government from knowing what wrongs existed.

In exceptional cases, individual Japanese may find out on their own about the truth their government did not want them to know. One such example is Tomoko Kana, 35, who first visited China in 2003. While in Harbin, Northeast China (Manchuria), she came in contact with victims of the periodic explosions of chemical weapons buried by Japanese soldiers shortly before their retreat from Manchuria in 1945. Deeply touched by what she saw, she quit her job and revisited China three more times, starting in early 2004, doing filmed interviews with 60 of these victims in five different areas in the region. From these interviews she learned more about Japanese aggression in China between 1937 and 1945. Her documentary from these filmed interviews, financed by a shoestring budget of \$100,000 from her own funds, was completed and released in 2005. Titled "From the Land of Bitter Tears," the film was shown to the American public in early September 2006, under the auspices of the Center for Asian Pacific Affairs, New York City.⁵ However, such instances of individuals discovering on their own the hidden truth about Japan's wartime misdeeds are rare.

Even more movingly, some Japanese veterans from the war in China—now in their eighties or older—who were haunted by memories of their slaughtered victims, have returned to China to show their deep remorse and repentance. One such example was Honda Ryutaro, now age 91. On May 19, 2005, shortly after the massive anti-Japanese demonstrations throughout China the month before, he traveled to the Lugouqiao Bridge (Marco Polo Bridge) in Beijing's outskirts, where the first shots were fired in 1937, initiating the bloody war that was to last for eight years. On the bridge, he knelt on the solid, uneven ground before the guards and passing pedestrians for long hours, asking for forgiveness by the Chinese. Two days later, he turned up in Shanghai, and

knelt down in humility before the tablets of Chinese soldiers killed by the Japanese Army, now enshrined in the Song-Hu (Shanghai-Nanjing) Memorial Shrine. Announcing that his conscience continued to bother him, he asked for atonement. He said Tokyo's denials of Japanese wartime atrocities made his heart even heavier.⁶

The effects of Tokyo's denials and history whitewashing on Japanese youths in their attitudes toward China can be seen from public opinion polls. A 2005 poll found that 70 percent of Japanese aged 20 to 40 felt little or no "affinity" for the Chinese. They did not understand why China repeatedly pestered Japan with demands (for apologies, for stopping the Yasukuni visits, for stopping the rewriting of textbooks, etc.) that to them appeared so irrelevant, unreasonable, and provocative. For this reason, plus the perceived rapid rise of China, 68 percent of those polled considered China a "threat," even though China was Japan's largest trading partner (total two-way trade: \$184.4 billion) in 2005, surpassing the United States, and was generally credited with helping to bail out the sluggish Japanese economy. Only 31 percent reported they had positive feelings for China, as compared to 65 percent for the United States.⁷ The poll was conducted not long after the massive Chinese demonstrations, both at home and overseas, that had been triggered six months earlier by reports of Prime Minister Koizumi's repeated visits to Yasukuni and his fervent defense of them. To the Chinese, Yasukuni is a symbol of Japanese militarism, but to the Japanese public, it has a totally different symbolic meaning. As the *Economist* (August 19, 2006: 10) notes, a connected museum at Yasukuni portrays Japan in the 1937–1945 war as "the liberator of Asia, [and] a victim of Western belligerency."⁸ Hence, half of the 2.5 million enshrined at Yasukuni, including the 14 Class A war criminals, were considered by the Japanese public as national heroes who gave their lives in what was portrayed as a selfless defense of their country during the Pacific war. Thus seen, the Yasukuni pilgrimage is a domestic ritual that brooked no foreign interference. The widespread Japanese negativism simply showed a deep sense of resentment against the Chinese, following their anti-Japanese outbursts, the rationale of which most Japanese just could not comprehend, much less accept. Thus, there has been a cycle of grievances (on the Chinese side), reactive resentment (from the Japanese public), and counter-resentment (from the Chinese side), etc.

Purely from an international political-economy (IPE) angle, there is another source of the resentment felt on both sides. As is found in Cal Clark's study, under conditions of long-running distrust, fear, and hatred (more on this below), Chinese products in Japanese stores and Japanese investment in China can easily become the target of nationalistic resentments. Hence, people in Nanjing (site of the heinous Rape of Nanking of 1937) to this day do not welcome Japanese investment in that great city.

And, at the height of the anti-Japanese demonstrations in 2005 and since, many Chinese were suggesting a general boycott of Japanese goods on sale in Chinese stores.⁹ Earlier, in 2000, in a reverse mode, some Japanese tried to resist what they perceived as an onslaught of inexpensive imports of Chinese shiitake mushrooms, leeches, and bulrushes inundating the Japanese market (see discussion of economic nationalism below). Beneath a trade war façade, *resentments* may very well have played a role in the Japanese fuss about the Chinese imports in that instance.

In sum, the reciprocal and mutually-reinforcing distrust between the two nations, as such, does not seem to encourage much hope for reconciliation of the sort called for in Tamamoto's question above. There are, nevertheless, two puzzles remaining. First, the Harvard report above offers an answer that in fact shows why the common Chinese people should have more reasons to distrust the Japanese than the other way round. It is puzzling that the Japanese people's "resentment" against the Chinese not only matches the latter's anti-Japanese sentiments in intensity but is targeted equally at the common Chinese people and at their government (in the Tiananmen Square case, for example). Second, it does not explain why the Japanese elites, including political leaders and media gurus, appear as uninformed and, therefore, self-righteous as the common people in the street. The Harvard report thesis above (that Tokyo consigns the ugly truth to the "attic of memory") posits an assumption that the government in Japan is the one that has been shielding the country's tainted past from the ordinary people. Hence, unlike the Japanese public, the government is better informed, or should be. But, how is it that in reality many government leaders like former Prime Minister Koizumi often acted as if they were oblivious of the true history, or at least as if they were unaware of the taboos associated with the tainted history that the government is trying to shield from the public? To the Chinese, the official Yasukuni pilgrimage is but one example of this perplexing official oblivion or callousness.

Reciprocal Ill Will and a Clash of Emotions

There seems to be an almost inexplicable aura blanketing the negative feelings about China shared by the Japanese government and people alike that the Harvard Report thesis cannot account for, although the thesis adequately explains the intense negative sentiments harbored by the Chinese for the Japanese.

Emotion

The role played by emotion in international relations (IR) is an understudied subject. There are only scattered discussions of it in the literature

(e.g., Neta Crawford 2000), and fewer that address emotion as a factor in IR decision making (e.g., Irving Janis and Leon Mann 1977). Few provide a guide for us. In a more recent study of domestic conflicts in contemporary East Europe, however, Roger Petersen (2000) zeroes in on *fear*, *hatred*, and *resentment*, showing how they can lead people to ethnic violence. One wonders if the same emotions may have been equally responsible for the cycles of tensions and reciprocal animosities roiling the relations between the two nations under our study here, China and Japan.

Revanchism

Laura Newby (1988: 49) held out an elaborate thesis that the Japanese and Chinese have ambivalent attitudes toward each other that derive from “a complex psychological heritage . . . characterized on all levels by feelings of superiority and inferiority, pride and shame, arrogance and humility” (Chen and Bridges 2005: 154). To say that the Japanese reacted to their country’s humiliating defeat in 1945 with shame and outrage, something like a peculiar *revanchism*, is to say that there is a smoldering Japanese resentment, hate, and fear of China simply because Japan ended as the loser from the Sino-Japanese war when it came to a close in 1945. And, in the past two decades and a half, China’s economic power has been growing dreadfully fast in the face of Japan’s economic doldrums. This revanchist thesis may offer an answer to why certain outbursts of anti-Chinese sentiment broke out among the Japanese public, such as in the petty fights in 2001 against imported *shiitake* mushrooms from China, and in the more serious attacks on Chinese immigrants (despite the severe Japanese labor shortage). A mini trade war between the two countries was averted only after the two governments stepped in and reached an agreement in time (Hutzler and Zaun 2002:4). The private citizens’ vigilance against Chinese immigrants, nevertheless, seemed to go on unmitigated. However, this thesis by itself cannot explain why Japanese revanchism is so vehemently directed against China but not the United States. Ironically, it was the United States, not China, that dropped the two atomic bombs on Hiroshima and Nagasaki in August 1945, which brought Japan to its knees. And it was also the United States that engineered the 1985 Plaza Accord that arguably caused the Japanese economy to fizzle ever since. Hence, the idea that China is Japan’s primary enemy is a myth.

Insensitivity

While we are discussing the role of psychology in deciphering the behavior and mentality of the Chinese and the Japanese peoples in their reciprocal perception and reactions, another dimension worth mentioning might be

insensitivity toward the other side. One bizarre incident widely reported by the mass media (e.g., Kahn, in *New York Times*, September 30, 2003), for example, involved a group of four hundred Japanese tourists, the youngest aged 16, who hired five hundred local prostitutes and staged a three-day sex romp while staying at a luxury hotel in the southern Chinese city of Zhuhai in 2003. What made the sensational event more offensive to Chinese sensibilities was its timing. It took place on September 16 through 18, the painful (for the Chinese) anniversary of the start of the bloody Japanese occupation of Manchuria (the old English name for northeast China) in 1931, heralding the full-fledged war of 1937–1945. The incident further embittered relations between the two countries, which were already strained earlier in the month when Chinese construction workers stumbled upon a cache of mustard gas that Japan had left behind when its occupying troops pulled out of Manchuria at the end of the war. One man died and several others were badly burned in the accident (id.).

Nationalism

Some more recent discussions of Sino-Japanese conflicts tend to call the Japanese revanchist ethos nationalism and to cast the Sino-Japanese conflicts as a “clash of nationalisms” (Yoshino 2001; Liefer 2000; Chen and Bridges 2006). It is important to note “nationalisms” here is used in the plural. Comparative studies of nationalism usually attempt to trace all nationalisms to some common identifiable origin(s) (Anthony D. Smith 2000). But there are two fine distinctions we have to beware of between Europe and Asia, and between China and Japan (Hsiung 2001, 363ff). It can be maintained that nationalism in Europe arose in opposition to imperial rule (or the *ancien regime*) and is hence anti-imperial. Asian nationalism has a more complicated pedigree. Much of Asia lived under colonial rule until after the end of World War II. Hence Asian nationalism is in most cases anti-colonial or post-colonial. Only in China is modern nationalism in part anti-imperial, if that means opposed to the monarchical system embodied in the Manchu (or Qing) Dynasty, the last in the country’s long dynastic history. But the nation’s revolt against the Manchu system, which was overthrown in 1911, was prompted by more than just dynastic decadence. The most decisive factor in the revolt’s reception of such extensive support was, in the final analysis, the crushing weight of foreign (European and Japanese) encroachments, against which the then existing imperial (monarchical) system proved totally inept, putting China’s survival on the block. Hence, to save China from extinction, the nation realized it had to shake off the foreign “imperialist” yoke as well as to overthrow the dynastic rule at home. Thus, modern Chinese nationalism is both anti-imperial and “anti-imperialist.”

Nationalism in Japan, by contrast, is neither anti-colonial (Japan was itself a colonial power, over Korea and Taiwan after 1895), nor anti-imperial. It was first anti-shogunal but pro-imperial (especially after the Meiji Reform) and then revanchist. It was anti-shogunal because the Japanese after 1193 lived under a de facto government headed by a hereditary military ruler, the *shogun*, who ruled with an iron hand, though nominally on behalf of the Tenno (divine Emperor), who enjoyed a cloistered quasi-theocratic existence. Toward the end of the last of the three shogunal houses (the Tokugawa), Commodore Mathew Perry of the United States, arriving with his “black ship,” succeeded in opening up Japan to the outside world.

The Treaty of Kanagawa that Perry exacted from the Japanese in 1854 was to many among the samurai class a humiliation and a reminder of Japan’s weakness. Determined to save Japan from the fate that had befallen a China that refused to change its ways when confronted by Western gunboat diplomacy, a group of samurai leaders in 1868 staged a bloodless coup that ended the Tokugawa shogunal rule and ostentatiously put the young emperor Meiji back in the political saddle. The modernizing samurai leaders then appropriated the emperor’s name in justifying their well-coordinated reform program, named the Meiji Reform, and in rallying popular support for it (Meyer 1993; Burks 1956). The nationalism thus generated was not anti-imperial but anti-shogunal and pro-imperial (symbolized as *sono joi*).

In addition, it is also pro-military (jingioistic), because the Meiji Reform was engineered by the modernizing *samurai* leaders, who both perpetuated the *bushido* (the samurai code of derring-do) in Japanese society and elevated the military to an unusual status in the politics and governance of the nation. And this was the origin of the ultranationalism that pushed Japan into overseas military expansionism (as noted in Chapter 1). Here I would just add that, by comparison with the thorough purge of Nazi influence in postwar Germany, the post-World War II purge of the war criminals and jingoism in Japan was prematurely aborted by the onset of the cold war. Only 28 of the 70 apprehended Japanese Class A war criminals were actually brought to trial before the Tokyo International Military Tribunal. All the rest were set free in 1947–1948 by General Douglas McArthur, commander of the U.S. occupation forces, under circumstances still shrouded in mystery. So were the second group of 23 lesser war criminals, and the third group of 19 others also released without trial (Wu n.d.).

Sheldon H. Harris (1994), however, has been able to unearth evidence showing that General McArthur struck a deal with Lt. Gen. Shiro Ishi, former commander of Japan’s wartime biological-warfare Unit 731, in which Ishi and all members of the notorious Unit 731 were to be

exonerated from war criminality in exchange for data and expertise they had acquired through human experimentation on thousands of Chinese, Koreans, Soviets, and even American POWs. Harris's study shows how the U.S. government provided immunity from investigation for the men, who thereby avoided war-crimes trials, so that the United States could acquire the results of Japanese expertise in biological warfare. The Harris book, based on U.S. and KGB (Soviet espionage agency) archives containing material previously unavailable to other academics, also spends half of its space on the subsequent U.S. cover-up.

After their release, most of the untried ex-war criminals went into politics, and some became prominent leaders in postwar Japan (Wu n.d., 4).¹⁰ It was this group, plus their followers, as well as former younger associates, that continued to insist that the Japanese atrocities in China and elsewhere never existed. Hence, unlike in Germany, where no ex-Nazi ever came back to dominate the political scene, postwar Japan saw the continuing prominence of the freed ex-war criminals and their younger former associates and followers. This situation also accounts for the periodic return of revanchist influence tinged with the jingoist ideology of a previous era, which further poisoned Japan's relations with China. What makes matters worse is that this Japanese revanchism, which Sukanuma (in Chapter 9) calls "neonationalism," is pitted against a long-simmering Chinese anti-imperialist nationalism, also inherited from an earlier age, which Beijing does not seem to be able to constrain in all cases.¹¹

As Sukanuma has shown, this rampant neonationalism, and the rise of the all-powerful right wing riding on its crest, may have been the reasons for Japanese leaders' reluctance to offer the apologies sought by China. Morihiro Hosokawa, who in 1993 became the first Japanese Prime Minister ever to openly apologize to China, was almost killed by a right-wing assassin reacting violently to his maverick apology making. Sukanuma's careful documentation also shows that the same right wing, whose control of Japanese politics and society (including media channels) in turn stokes the neonationalist fire—potentially dragging Japan back to the 1930s—is the mastermind behind the rewriting of Japan's World War II history and the rejection of any admission of guilt.

The continuing vitality of the postwar Japanese right wing is an illusive subject. But Saburo Ienaga's thesis that the government's systematic whitewashing of World War II history amounts to a "glorification of war in Japanese education" may have a point (1993–1994: 332–49). At least it explains why apologies by Hosokawa or, for that matter, any government leader to atone for Japan's war guilt would not sit very well with the young people, especially the radicals, who are the products of this postwar Japanese educational system.

Economic Nationalism

An offshoot of the comparative study of nationalisms is the study of economic nationalism. The simplest way to define economic nationalism is to see it as a movement influenced by a protectionist ideology (Eric Helleiner and Andreas Picket 2005). But, strictly speaking, economic nationalism, which is social, is different from mercantilism, which is statist in nature, as E. H. Carr (1945: 5–6, 22–23) long ago suggested. Earlier we spoke of indigenous Japanese attacks on imports of the inexpensive Chinese mushrooms that threatened the interests of 30,000 Japanese *shiitake* growers. Lobbying by Japanese farmers resulted in Tokyo's taking "safeguard" measures, including emergency tariffs and import quotas against imports of Chinese *shiitake* mushrooms, leeches, and bulrushes used for weaving *tatami* mats (*Economist*, February 10, 2001, 43). Countering that the Chinese farmers were producing these items under contract with Japanese importers, Beijing responded in kind by imposing curbs on imports of Japanese cars, mobile phones, and air conditioners. A mini trade war was diverted only by a compromise agreement reached in time between Beijing and Tokyo (*The Asian Wall Street Journal Weekly Edition*, January 7–13 2002, p. 4). It is odd, though, that the parties in this episode chose not to go to the WTO, as such protectionist measures borne of economic nationalism violate all the rules the WTO was created to uphold.

The Missing Preconditions for Sino-Japanese Reconciliation

None of the supporting circumstances, either domestic or international, that enabled the French and Germans to come to reconciliation will exist between China and Japan, at least in the foreseeable future.

First, even if China were willing to be like France, Japan was no Germany. After their defeat, the Germans have shown genuine remorse and repentance, as can be seen from their payment of over \$90 billion (see below) as compensation to Holocaust victims and their survivors to atone for their collective guilt. More evidence is the open teaching and discussion in schools of the history of Nazi Germany's war crimes. By contrast, Japan to this day has been ambivalent at best as to its guilt and responsibilities for its World War II war crimes. Rightist politicians like Shintaro Ishihara, Governor of Tokyo, have stubbornly insisted that the Rape of Nanking (Nanjing)—in which over 300,000 Chinese (more than the atomic-bomb casualties of Hiroshima and Nagasaki combined) were killed by the Japanese invaders out on a killing spree in December, 1937—never happened and that it was made up by the Chinese. An equivalent of this denial would be if every German government leader

were to deny the existence of the Holocaust, claiming it was a fabrication by the Jews.

Far from shirking its responsibility, the Federal Republic of Germany (West Germany until 1990) has offered official apologies for Nazi Germany's role in the Holocaust, as well as for its war crimes. German leaders have continuously expressed repentance, most notably and touchingly when Chancellor Willy Brandt, in full view of the world via the modern mass media, fell on his knees in front of a Holocaust memorial in the Warsaw ghetto in 1970. Germany has paid extensive reparations, including nearly \$70 billion to the State of Israel. It has given \$15 billion to Holocaust survivors and will continue to compensate them until 2015. Additionally, the German government coordinated an effort to reach a settlement with German companies that used slave labor during the war; the companies will pay \$1.7 billion to the victims. About \$1.75 billion of Germany's payment to Holocaust victims who left no heirs was given to the State of Israel as the inheritor. Germany also established a National Holocaust Memorial Museum in Berlin for looted property.¹² True, the Holocaust victims were not French, but all this testifies to the depth of the wrenching German repentance for their country's past crimes against humanity.

Again, unlike Japan, which has been consistently dodging the issue of Japanese war guilt and has resorted to textbook doctoring, the Germans teach their students the truth of Nazi Germany's war crimes squarely. For example, the Holocaust is taught in history, religion, and ethics classes. It is discussed with reference to the guilt and responsibility of those Germans who did not risk their lives to fight National Socialism (Nazism) or to protect Jews. A visit to a Holocaust memorial or a Holocaust museum at the site of a former concentration camp is a standard feature of school excursions. The objective of teaching about the Holocaust, like the Nazi war crimes, is not limited to educating students about historical facts. Instead, the primary political and educational objective for confronting young Germans with their country's darkest past and their ancestors' guilt is, above all, to make them aware of the magnitude and consequences of Hitler's atrocities and war guilt so that history will never repeat itself.¹³

All this would be a hard act for the Japanese to follow, even if they had the intention of seeking true reconciliation with China after the German-French model.

Similarly, the Japanese today would have to face squarely their war guilt stemming from their ancestors' aggression, wanton massacres, and devastating atrocities in China (and other parts of Asia). In addition; they would have to face their responsibility to make amends, their obligation to teach Japanese students the truth about their country's darkest past

and, perhaps more important, their requirement to expunge lingering traces of ultranationalism from the Japanese psyche.

To be true, by comparison, the burden on Japan's conscience would be more onerous in seeking atonement with China than Germany's in reaching reconciliation with France. The reason is not hard to understand. Unlike its external war crimes, of which France was a victim, Germany's Holocaust was not a direct offense against the French but against the Jews, although the heinous nature of the crime is offensive to all humankind at all times. On the other hand, the Japanese war crimes, atrocities, massacres (the Rape of Nanking was but one example), plundering, and sex slavery imposed on kidnapped women, were directly inflicted on, and a dire insult to, the Chinese nation, among other Asian victim countries (Hsiung and Levine 1992).

Before it is ready to seek atonement with China, Japan would have to have the courage to face its entire, ugly past, which incurred this colossal guilt. Until it has the courage to do so, the first precondition for a Japan-China reconciliation, of the sort spoken of by Tamamoto, will remain absent. This point should be self-apparent to any sensible person, whatever his or her nationality.

Second, the other precondition for the Asian regional integration that Tamamoto had in mind would be the full backing of the United States, the sole superpower that could possibly make a difference. But, for obvious reasons, this is also lacking. Back in the 1950s, Washington welcomed the initiative by its European allies to create regional institutions because these efforts would bond the Western Europeans together to make the NATO alliance stronger as a deterrent to the Soviet threat. By contrast, in the post-cold war era, and in the face of a re-rising China, the foremost concern of the United States is to ensure its continued influence in the Asian Pacific region, as stated by Gurtov in Chapter 7 (Auer and Lim 2004). Both because of this priority and its security commitments to Taiwan, to which the United States is under a self-imposed obligation (under the Taiwan Relations Act) to defend, Washington's policy does not have much leeway. In a report by former Undersecretary of State Richard Armitage, the U.S.-Japanese relationship was seen as "more important than ever before."¹⁴ Although the more recent shift to viewing China as a common "stakeholder," as first expounded by Robert Zoellick, Armitage's successor, was openly articulated by Secretary of State Condoleezza Rice herself, it remains to be seen how the Bush Administration is going to achieve a synthesis of the two approaches (Przystup and Saunders 2006: 4).¹⁵ Current Sino-Japanese tensions will greatly complicate U.S. efforts to enlist support from both countries for regional and global order. The increasing readiness of Japanese officials to describe China as a threat and to support Taiwan is likely to increase China's tendency to

regard the United States–Japan alliance as a destabilizing regional factor. Aggravating Chinese concerns about regional security and Taiwan are unlikely to induce Beijing to play the role of a “responsible stakeholder.” All of this adds up to mean that the U.S. factor is not going to help increase the likelihood of China and Japan playing the game of postwar France and Germany.¹⁶

To say the least, the prospect of Washington getting involved to help resolve the Sino-Japanese conflicts over the textbook, the visits to Yasukuni, and the East China Sea disputes are not bright if it means bringing due U.S. pressures on Tokyo so that it will relent and act like postwar Germany in its relations with China.

Small Steps of Improvement: Will They Help?

Admittedly, there are chances for minor improvement in the short run. But they will not resolve the root problems of the antagonism roiling the two nations because such ostensible conflicts as the visits to the shrine and the textbook issues are, in the final analysis, only symptomatic of a fundamental, deep-seated, and complex clash of nationalistic ethos and perspectives, as noted above. Recent developments have shown that at least on the shrine visit issue and the textbook dispute, there is room for amelioration, although like band-aid solutions, their amelioration will not remove the root cause of the conflict.

The Yasukuni Shrine Visits

The *Nihon Keizai Shimbun* (Japanese Economic News) on July 20, 2006, published the private notes kept by the late Tomohiko Tomita, former head of the Imperial Household Agency (*Kunaicho*), revealing for the first time that the late Emperor Showa (Hirohito 1926–1989) took strong objection to the addition of 14 Class A World War II war criminals to the war dead enshrined in the Yasukuni Shrine in 1978. Tomita’s notes record that the Emperor, who had visited Yasukuni eight times, stopped doing so from 1978 out of revulsion to the enshrinement of the Class A war criminals. A follow-up public opinion poll conducted by Nihon Keizai Shimbun asked the respondents whether the next Prime Minister (after Koizumi’s retirement in September 2006) should continue the official visits to the Shrine. Those who were opposed to the visits increased to 53 percent, up from 37 percent in the previous survey conducted in June. Those who supported the visits dropped to 28 percent from 49 percent in the earlier survey.¹⁷ These results may put a damper on Koizumi’s successor on the shrine visit issue. One telltale sign was that when Koizumi himself visited the shrine on August 15, 2006, his “swan song” act before stepping down in September, his heir apparent, Shinzo Abe, who had defended

the official visits before and who had “secretly” visited the Shrine twice as a private citizen in the previous two years, was not with him.

Even before the publication of the Tomita notes, Kazuhiko Togo (2006: 5–16), former Japanese ambassador to the Netherlands and a visiting researcher at Princeton University, was already calling for a moratorium on visits to Yasukuni by Prime Minister Koizumi. This sentiment was apparently shared by many in Japan. For example, the Keizai Doyukia, a club for corporate executives that is close to the ruling Liberal Democratic Party (LDP), became in May 2006 the first business group to give public warning of Yasukuni’s danger to business with China (*Economist*, May 13, 2006: 51). Admittedly, a moratorium or cessation of the visits might help ease the tensions. However, to the extent that the Chinese view the visits as symbolic of an unfailing resurgence of Japanese militarism, unless Tokyo can demonstrate that the moratorium or cessation is out of a genuine belief that honoring World War II war criminals enshrined in Yasukuni is fundamentally wrong, it is doubtful whether the Chinese (and Korean and other Asians’) objection will cease. For China’s real concern is about what it perceives as a resurgent Japanese militarism, of which the official pilgrimage to the Shrine to honor the war dead, which include the 14 notorious war criminals, is merely a symbolic manifestation. Worse still, as Dennis Hickey and Lilly Lu (in Chapter 6) point out, a museum at the Yasukuni Shrine continues to echo the ultranationalist line, praising Japan’s imperialist past as a contribution to regional economic development and modernization and putting the blame for the Pacific War on external powers.

The Textbook Dispute

There may also be a way out of the recurrent irritant to Sino-Japanese relations of the rewriting of history in high school textbooks. As reported by Richard Chu in Chapter 2, in November 1998, Beijing and Tokyo signed an agreement, known as the “Sino-Japanese Joint Declaration in Building a Peaceful and Friendly East Asia.” One of the projects from the agreement was to learn from the postwar European experience by organizing a joint committee of both sides to compile a version of East Asian history that would be acceptable to all, including China, Japan and Korea. A similar project undertaken by the French and Germans could serve as an example. In early July 2006, it was reported that French and German officials were ready to unveil the unprecedented French- and German-language versions of a jointly authored history book covering the period since 1945 (*Economist*, July 8, 2006: 44). Following nearly a century of bitter war and conflict, the French and the Germans likewise have severe problems determining how to write the history of French-German relations and other events in world politics requiring an interpretation. A

bi-national project helped solve the problem. Each of the chapters was written by a French and a German teacher, producing a book that was acceptable to the central education ministry in France and the 16 state ministries in federal Germany. Where the two writers could not agree, they let the differences stand side by side in the book. Taking a page from this example, the Chinese and Japanese may jointly commission a bi-national project, under which each chapter of the textbook will be co-written by a Chinese and a Japanese author. They could allow their differences stand in the book instead of being glossed over. When approved by the ministry of education on both sides, it would be the textbook used in history classes in both countries.

But, on closer examination, the jointly-written textbook solution may not be readily applicable in resolving the dispute over the current doctored textbooks used in Japan's history classes. In fact, the dispute is not a one-way denunciation by the Chinese of the Japanese state-supervised doctoring of history. Returning the favor, the Japanese have also accused Chinese history books of gaps and biases. On April 24, 2005, for instance, Japanese Foreign Minister Machimura countered that Chinese history textbooks needed investigation for their "anti-Japanese" content (Chen and Bridges 2005: 147).¹⁸ This is not surprising since Machimura, according to Unryu Suganuma (Chapter 9), is a member of the New History Textbook Editorial Board, which has been on the forefront of the right-wingers' moves to rewrite and popularize the whitewashed history textbooks.

Simply put, the crux of the matter is the Japanese denial of some key issues about what happened during Japan's adventurism in China; for example, was it an aggression, or merely an "excursion" into (and back from) China to spread the benefits of a Greater East Asia Co-prosperity Sphere? Was the Rape of Nanking real, or just a Chinese fabrication?¹⁹ Was the Japanese Government responsible for the "Comfort Women" scandal?²⁰ Or, was it merely a phenomenon of "commercial activities," as many Japanese politicians still insist?²¹ If the joint drafting team were not able to agree on these and other similar fundamental issues, the French-German format of preserving the differences in parallel form would conceivably result in a book full of contradictory statements such as:

Example I: "The Japanese invasion of China, and occupation of up to half of its territory during the armed conflict of 1937–1945 is viewed by the Chinese as an act of aggression but known to the Japanese as an excursion . . . to spread benefits."

Example II: "The so-called 'Rape of Nanking,' according to the Japanese, never happened but exists only in the Chinese imagination, if it was not a fabrication. The Chinese side claimed that 300,000 innocent people were killed by Japanese soldiers sacking

the city, China's capital, in December 1937, and that it was a symbol of wider Japanese atrocities throughout China during the war, for which the Chinese think they deserve an apology and compensations from Japan. On their part, the Japanese feel that the Chinese anti-Japanese sentiments based on such claims are frivolous, serve no constructive purpose, and have to be rectified."

Needless to say, statements like these conceivable examples, resulting from an attempt to preserve the unbridgeable differences in a jointly written textbook following the French-German example, would be ludicrous. Worse still, they would render the resultant textbook dangerously misleading. Hence, the jointly written textbook approach offers no solution to China's disputes with Japan over the latter's whitewashing of history.²² As Richard Chu also shows (Chapter 2), similar efforts to jointly write a history textbook by the Chinese and Japanese (plus Koreans), under their November 1998 agreement, were badly hung on issues such as Japanese reparations, apology, and even whether Japan had committed aggression.

In both instances (the moratorium on the shrine visits and the joint-writing approach to writing textbooks), the critical stumbling block is obviously Japan's self-pride and refusal (or inability) to face its past, owing to what some writers call the country's resurgent nationalism (militarism), or what Suganuma in his chapter portrays as "neonationalism" whose rise is tied to the resurgence of the powerful Japanese right wing. Whether Prime Minister Abe's "soul searching" pledge about Japan's darkest past, made during his October 2006 visit in China, will help remove the stumbling block remains to be seen.

A Possible Solution to Arrest Escalation toward a Catastrophe

A number of contributors in this volume have expressed the apprehension that, if not arrested in time, the current sinister downturns in Sino-Japanese relations might degenerate into a catastrophe. In Chapter 6, Hickey and Lu end their discussions with a list of four suggestions as to what Japan could or should do to avert an armed conflict and ultimately to reverse the troubled relationship. Without duplicating what they, and other contributors, have done in directly or indirectly suggesting solutions out of a collision course, I think we should rethink this whole question as to whether a workable way can be found that will not only avert a catastrophe but will serve to mitigate, if not remove outright, the root causes of the long-running and deepening conflict.

The first step would be to pinpoint the sore points in Sino-Japanese relations. Without unduly rehashing what has been said before, I think we can zero in on a number of crucial points that can be clearly identified for

the sake of rectification: (a) Japan's refusal to face its darkest past history, (b) its continued practice of historical whitewashing, (c) its evasive refusal to apologize and pay compensations, (d) its insistence on the propriety of official pilgrimages to the Yasukuni Shrine, (e) its fear of a resurging and non-forgiving China, and (f) the fight for scarce resources (i.e., the abundant East China Sea oil and gas), made more acute by Japan's perpetual resource scarcity (further complicated by China's insatiable thirst for energy to fuel its rapid growth).

This list does not cover everything, but it does throw light on where the work can begin in any attempt to stop the wheel of retribution and reverse the vicious cycle of grievances (on the Chinese side), reactive resentment (from the Japanese side), and counter-resentment (on the Chinese side), *ad infinitum*. To use an analogy, the norms on state responsibility in international law for damages caused to another state focus not on restitution but on alternative ways of making amends. The reason is that restitution is, with rare exceptions, physically impossible. People killed cannot be brought back to life; property destroyed cannot be restored to the status quo ante. Similarly, revenge would be nonsensical if it meant that the Chinese "reciprocate" in kind by mounting a war on Japan to "get even." Thus, the key to resolving the Sino-Japanese conflict is to remove the sore spots as a first step to eradicating the root causes.

In the shortened list of the sore spots just named, the first one (i.e., Japan's refusal to face the history of its darkest past) in turn holds the key to all the rest. If Japan can follow Germany's example (described above) in squarely facing the history of its past war crimes and guilt, it would not need to engage in rewriting history and would have the courage and self-confidence to apologize to its former victims. It would then also be able to come to grips with the impropriety of official pilgrimages to Yasukuni, because these amount to honoring the war criminals responsible for taking the country on the path of aggressive wars, committing crimes against the peace and humanity. If it can do all this, then Japan need not be overly worried about a re-rising China that might be too unforgiving. In the improved atmosphere, it would be possible to settle the East China Sea "resource war" by joint exploitation, in the short run, and through arbitral or judicial settlement, so that an answer to a permanent delimitation of the two countries' maritime boundaries can be found.

Hence a workable solution to this shortened list of sore spots is to begin with the *a priori* question of getting Japan to face its dark history squarely. From the discussions in all the chapters, including this one, it appears the decisive answer to whether China and Japan can be made to behave like postwar France and Germany boils down mainly to whether Japan can be made to behave like postwar Germany.

For this reason, I would endorse the idea of an international solution first suggested by Jean-Pierre Lehman (2006), in order to arrest the dangerous drift toward catastrophe. I will only expand on his suggested solution to make it more comprehensive and practicable. The solution calls for the creation of a high-level international reconciliation commission to be composed of, for example, Germany, France, Russia, Canada, and the United States, charged with a twofold function. The first function of the commission would be to advise Japan on how to achieve proper reconciliation, telling it what steps must be taken and which acts must be avoided to realize that goal. The second function would be to ensure that nothing is done to exacerbate the situation.

In regard to the advisory function, the four steps suggested by Hickey and Lu (Chapter 6), duly modified here, could be included in the commission's advice to Japan, namely: (1) that Japanese officials stop the pilgrimage visits to the Yasukuni Shrine as long as the 14 war criminals are among those war dead honored at the shrine; (2) that Tokyo reform its educational system and stop requiring that only doctored history textbooks be used in schools; (3) that Tokyo and Beijing hold international (not just bilateral) negotiations or resort to arbitral or judicial procedures to arrive at a definitive answer on the status of Diaoyutai/Senkaku and an equitable delimitation of the maritime territories in the East China Sea (including the rich seabed oil and gas resources), following principles of the modern Law of the Sea; and (4) that Japan be required not to seek the removal of the war-renouncing Article 9 from its constitution, which would be both unnecessary and provocative to the Asian region's member states. While details remain to be fleshed out, the four broad suggestions properly outline what an initial package of advised terms the commission can possibly offer.

The commission's second function would be to ensure that nothing happens to make the existing situation worse than it already is. An example offered by Lehman of what could be a potential grave precipitating factor would be if Japan were pressed into service by Washington as an ally in its confrontation with Beijing over Taiwan. To preclude this disaster, the commission could serve as a watchdog (the other four members on the Commission would check on the United States, for example) that this or other similar exacerbating events will not happen.

The leverage that the reconciliation commission would have, in ensuring Japanese compliance with its advised terms, is its commitment to a firmly stated condition that unless and until Japan fulfills the advised requirements, such as those laid out above, the commission's members (three of them permanent members of the UN Security Council), plus China (another permanent member), will oppose Japan's candidacy for a new permanent seat on the Security Council. Critics may label this a deck

of cards stacked against Japan. Let us bear in mind that in order to pick up Tamamoto's gauntlet to make China and Japan follow the example set by postwar France and Germany, the key is to make Japan behave like postwar Germany. And the suggested solution is designed to do just that, as a first step toward launching the two rival Asian nations on the way to reconciliation.

Conclusion

In conclusion, finally, let me say the following on behalf of all the contributors: We agreed to undertake this volume with three basic goals in mind: First, to pinpoint the root causes of the long-running adversarial relationship between China and Japan. Second, to highlight the danger of their smoldering adversity, which, if not contained, might escalate into another armed conflict with catastrophic consequences. And finally, to offer carefully thought-out solutions to get the parties—China, Japan, and their friends—thinking and talking to one another, as a first step to a conceivably long and difficult quest for a way out of their centuries of enmity, so that the two Asian neighbors can coexist as two simultaneous great powers, as never before. It is absolutely important that they be on talking terms (no pun intended). To cite Winston Churchill's motto once more, "jaw-jaw [talking] is better than war-war." As editor (and contributor), I hope we have delivered what we proposed to do.

As a postscript, let me add that, as demonstrated by the dialogue that Shinzo Abe's October 2006 visit was able to re-establish, followed by Chinese Premier Wen Jiabao's acceptance of an invitation to visit Japan sometime in 2007, both China and Japan seem to have resumed talking to each other. It is, to say the least, a giant step forward now that Koizumi is out of the picture.

As this manuscript went to press, Wen Jiabao, the Chinese Premier, just conducted a visit to Japan, April 11–April 13, 2007. The event created much euphoria, leading to agreements signed with his Japanese host, Premier Shinzo Abe, to increase bilateral cooperation in economic, energy, environmental, and military matters.²³ But, as far as can be ascertained thus far, all this was perhaps more a personal success of Wen's deft diplomacy and charisma than a definitive sign of an opening to assured reconciliation of relations, such as the term "ice melting" used in the media would indicate. The real results to come will be the subject matter for another book beyond this one.

Notes

1. For this section on the possible future directions of Japan under Abe and its relations with China, I am grateful for the inputs by Prof. Unryu Suganuma, of Obirin University in Tokyo, who is also a contributor to this book.

2. In September 2006, one of the first things Abe did as Prime Minister was to appoint Nakagawa as the LDP policy chief, a key position in Japanese policy making process.

3. In an incident in August, 2003, the explosion of a chemical bomb in Qiqihar, in northeast China, resulted in one death and 43 people injured. Under a UN-sponsored convention which went into effect in 1997, the Japanese are under an obligation to clear these buried landmines and chemical bombs. Thus far, the Japanese have retrieved 31 bombs, including 7 chemical bombs. But the Chinese often complained that the Japanese were dragging their feet. See *Qiao Bao* [China Press] (New York), July 6, 2006, p. 1.

4. See http://www5.chinesenewsnet.com/MainNews/Opinion/2005_8_23_10_4_36_616.html.

5. *Qiaobao*, September 7, 2006.

6. *Qiaobao*, May 21, 2005.

7. *Mainichi Shinbun* poll, taken on October 6, 2005, as reported in Qiao Bao, October 7, 2005.

8. Hickey and Lu made the same point. See Chapter 6nn29–30.

9. On the 75th anniversary of the Mukden Incident (September 18, 1931), a demonstration was held at a Japanese-owned supermarket in Sichuan province, and the protesters called for a boycott of Japanese products. See a dispatch in *The Japan Times* online, September 20, 2006.

10. One of them, Nobusuke Kishi, was Prime Minister in 1957–1960.

11. Hu Yaobang, the general secretary of the Chinese Communist Party (CCP), was ousted in the spring of 1987 because he failed to put down in time a large-scale student anti-Japanese movement that broke out the previous December. The Party's Politburo, under the influence of Deng Xiaoping, China's ultimate leader, was jittery that the wide-spreading anti-Japanese movement among students could easily degenerate into an anti-CCP campaign on China's usually quiet campuses. In retrospect, this first student anti-Japanese campaign, which was not immediately put down, anticipated the massive Tiananmen Square student demonstrations against the CCP two years later, in 1989.

12. "Responses of Germany and Japan to World War II Crimes," http://en.wikipedia.org/wiki/Responses_of_Germany_and_Japan_to_World_War_II. Also "Judaism Lexicon—Compensation (for Holocaust Victims)," *Israel Today* Magazine online: <http://www.israeltoday.co.il/default.aspx?tabid=139&view=item&cid=778>.

13. "Holocaust Education in Germany," <http://www.iearn.org/hgp/acti/acti-1998-n0-frames/holocaust-ed-in-germany.htm>.

14. The case for a Japan-centric strategy was articulated in a report prepared by a bipartisan group chaired by Armitage and Professor Joseph Nye of Harvard, was published by the National Defense University in October 2000. *The United States and Japan: Advancing Toward a Mature Partnership*, INSS Special Report. Washington, DC: National Defense University Press (October 2000).

15. Washington's 2006 National Security Strategy is said to be an attempt to achieve such a synthesis.

16. *Ibid.*, 5. Secretary of State Condoleezza Rice, at the Trilateral Forum held in Australia, on March 18, 2006, urged that Japan and China improve their bilateral relations, to avoid an open conflict, which would be detrimental to regional security interests as well as their own. Sourced from: http://chinese.aol.com/news_view.jsp?newsld=4471.

17. AFP dispatch from Tokyo dated July 24, as carried by *Qiao Bao* [China Press] (New York), July 24, 2006, p. A2.

18. Occasionally, Western commentators echo these Japanese criticisms. For example, Robert Zoellick (2005, 9), Deputy Secretary of State, said in a speech in New York: "When I visited the '918 museum' at the site of the 1931 'Manchurian Incident,' I noted that the chronological account jumped from 1941 to the Soviet offensive against Japan in August 1945, overlooking the United States involvement from 1941 to 1945."

19. For the Japanese denial that it ever happened, see for example Masaaki Tanaka 2000.

20. "Comfort women" refers to an institution in the Japanese army during World War II in which abducted Asian women (including Chinese, Korean, Filipina, and Japanese) were forced to pander sex to Japanese troops. According to one report, there were 38 such "rape camps" in Nanking alone in 1938. Japanese comfort women were each expected to receive 20 soldiers per day, while Korean and Chinese women in the same camps had to receive 40 or 80 soldiers each. *China Daily*, April 22, 2005; also Chen and Bridges: 143.

21. For the Japanese politicians' version, see what is available at: <http://news.sina.com.cn/world/2000-09-20/128950.html>, and <http://news.bbc.co.uk/1/hi/world/asia-pacific/4342797.stm>.

22. South Korea has similar textbook disputes with Japan. See "Japan History Books Anger East Asia," *BBC News*, April 5, 2005.

23. "China and Japan in Delicate Minuet to Ease Diplomatic Tensions," *New York Times*, April 12, 2007, p. 10; also "Chinese Premier's 'Ice-Melting' Japan Visit," *Asia Times* online, April 13, 2007.

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